THE COMMITTEE ON PUBLIC ACCOUNTS (LOCAL GOVERNMENT)

CONSOLIDATED BACKLOG REPORT FOR FY 2010/11-2013/14

APRIL 2018
Contents

PART I  INTRODUCTION

1.0  Background  34

2.0  Scope and approach  34

PART II  AUDIT QUERIES

A – ARUA AUDIT REGION  35

1.0  ADJUMANI  35

1.1  Missing Receipt Book  35

1.2  Absence of Deposits Accounts Subsidiary Ledger  35

1.3  Grounded Vehicles  35

1.4  Lack of Fire Extinguishers at the District Hospital  35

1.5  Unauthorized Expenditure  36

1.6  Irregularities in the Navision system  36

1.7  Failure to recruit the road overseers  36

1.8  Interest earned on NUSAF 2 Community Sub Project Account  36

2.0  ARUA  37

2.1  Poor maintenance of vote books  37

2.2  Reconciliation of Treasury Releases  37

2.3  Shortfall in Central Government Transfers and Donor support  37

2.4  Irregular Arithmetic Errors in Bidders Documents  37

2.5  Analysis of Performance in Primary Leaving Examinations  38

2.6  Failure to Convene Board of Survey  38

2.7  Doubtful Expenditure on a Work Shop  38

3.0  KOBOKO  39

3.1  Bank Overdrafts without Council Authority  39

3.2  Misstatement of Cash and Cash Equivalents in Financial Statements  39

3.3  Ownership of Land at Aipe Health Centre II  39

3.4  Unexplained Miscellaneous Revenue  39

3.5  Filing of Photocopied Documents  40

3.6  Poor facilitation to Education Department  40
3 7 Discrepancy in Treasury Releases
4 0 MARACHA
4 1 Reconciliation of Treasury Releases to Districts
4 2 Irregular supply of bicycles
4 3 Loss of two Motorcycles
4 4 Payments to District Officials for Vehicle Repair
4 5 Violation of Commitment Control System
4 0 MOYO
5 1 Doubtful Repairs
5 2 Primary Leaving Examinations
5 3 Poor Drainage and Sanitation Facilities
5 4 Discrepancy in Treasury Releases
5 5 Irregular Hire of a Bulldozer to a Neighboring Country
5 6 PLE Performance
5 7 District Stores
6 0 NEBBI
6 1 Reconciliation of Treasury Releases
6 2 Irregular Purchase of Land
6 3 Overstatement of Advances in Cash Flow Statement
6 4 Overpayment to Officer
6 5 Irregularities of IFMS in Nebbi District
6 6 Maintenance of Vote Books
6 7 Assets Due for Boarding Off
6 8 Overstatement of Revenue Reserves
6 9 Non-disclosure of deposits in accounts
6 10 Mischarges of Expenditures
7 0 YUMBE
7.1 Diversion of Funds
7 2 Irregular Purchase of land
7 3 Violation of Commitment Control System
7 4 Primary Leaving Examination Performance
7 5 Reconciliation of Treasury Releases to Districts
7 6 Internal borrowing UGX 40,000,000 47
7 7 Contract management 47
8 0 ZOMBO 48
8 1 Misappropriation of Funds 48
8 2 Reconciliation of Treasury to District Releases 48
8 3 Lack of Work Plans for LGMSDP 48
8 4 Budget Performance on Government Grants and Donations 48
8 5 Poor Maintenance of the Vote Books 48
8 6 Weaknesses in the Implementation of the Output Budget Tool 49
8 7 Non Maintenance of Revenue Registers 49
8 8 Co-funding of National Agricultural and Advisory Services (NAADS) 49
8 9 Non- disclosure of deposits in accounts 50
8.10 Mischarges of Expenditures 50
8 11 Wrong postings to the trial balance 50
8 12 Reconciliation of Treasury Releases 50
8 13 Incorrect Statement of cash flows 50
8.14 Un-credited treasury releases 51
9.0 ARUA MUNICIPALITY 51
9 1 Budget performance 51
9 2 Budget Shortfall 51
9 3 Absence of Deposits Accounts Subsidiary Ledgers 51
9 4 Staff houses at Arua Primary School 52
9.5 Beautification of the Municipality 52
9 6 Audit Inspection of Oil Health Center 52
B- FORTPORTAL AUDIT REGION 53
1 0 BULIISA 53
1 1 Budget performance. 53
1 2 Reconciliation of Central Government Grants (treasury releases to Districts) 53
1 3 Diversion of Funds 53
2 0 BUNDIBUGYO 54
2.1 Budget Performance 54
2.2 Risk Management 54
2.3 Bank Reconciliations
2.4 Rural Water
2.5 Reconciliation of Treasury Releases
3.0 HOIMA DISTRICT
3.1 Budget performance
3.3 Reconciliation of Treasury Releases
4.0 KABAROLE
4.1 Unauthorized Excess Expenditure
4.2 Nugatory Expenditure
4.3 Risk Management
4.4 Budget performance
4.5 Reconciliation of Treasury Releases
5.0 KAMWENGE
5.1 Nugatory Expenditure UGX 31,080,000
5.2 The Luwero-Rwenzori Development Program
5.3 Reconciliation of Treasury Releases
5.4 Budget Performance
6.0 KASESE
6.1 Luwero – Rwenzori Development Programme
6.2 Budget Performance
6.3 Reconciliation of Central Government Grants (treasury releases to Districts)
7.0 KIBALALE
7.1 Budget Performance
7.2 Inspection of water sources
7.3 Risk Management
7.4 Vehicle Loan Recovery Rate
8.0 KIRYANDONGO
8.1 Reversal of Interest Earned on District Accounts
8.2 Budget Management
8.3 Reconciliation of Treasury Releases
8.4 Unbalanced Budget
9.0 KYELEGWA
15.2 Nugatory expenditure
15.3 Reconciliation of Treasury Releases
16.0 MASINDI MUNICIPALITY
16.1 Budget Performance
16.2 Reconciliation of Treasury Releases

C – GULU AUDIT REGION

1 AGAGO DISTRICT LOCAL GOVERNMENT
   1.1 Reconciliation of Central Government Grants
   1.2 Budget Performance
   3.1.3 Irregular Expenditure
   1.4 Incomplete Financial Statements

2 ALEBTONG DISTRICT LOCAL GOVERNMENT
   2.1 Budget performance
   2.3 Excess expenditure on Programmes, UGX 190, 234,957
   2.4 Reconciliation of Central Government Grants

3 AMOLATAR DISTRICT LOCAL GOVERNMENT
   3.1 Reconciliation of Central Government Grants (Treasury Releases)
   3.2 Doubtful Repair of Motor Vehicle
   3.3 Non maintenance of Contracts Registers
   3.4 Budget Performance

3.4 AMURU DISTRICT LOCAL GOVERNMENT
   4.1 Reconciliation of Central Government Grants (Treasury Releases)
   4.2 Budget Performance

5 APAC DISTRICT LOCAL GOVERNMENT
   5.1 Diversion of Funds
   5.2 Reconciliation of Central Government Grants (Treasury Releases)
   5.3 Budget Performance
   5.4 Incomplete Contract Register
   5.5 Review of Financial Statements
   5.6 Non adherence to the commitment control system
   5.7 Wasteful Expenditure

6 DOKOLO DISTRICT LOCAL GOVERNMENT
6 1: Reconciliation of Central Government Grants (Treasury Releases) 78
6 2. Un-reconciled Cash position 78
6 3 Unbudgeted Expenditure 79
6.4. Budget Performance 79
7 GULU DISTRICT LOCAL GOVERNMENT 79
  7 1 Reconciliation of Central Government Grants (Treasury Releases) 79
  7 2 Support to NGO Health Units UGX681, 004,686 80
  7 3 Budget Performance 80
  7.4 Un-utilized Survey Equipment 81
8 KITGUM DISTRICT LOCAL GOVERNMENT 81
  8 1· Cash and Cash equivalent 81
  8 2· Budget Performance 81
  8. 4: Reconciliation of Central Government Grants (Treasury Releases) 82
  8 5· Internal Audit Activity 82
  8 6. Financial Loss 83
  8 7· Service Delivery 84
9 KOLE DISTRICT LOCAL GOVERNMENT 84
  9 1 Diversion of Funds 84
  3 9 2: Budget performance 84
  9 3 Reconciliation of Central Government Grants (Treasury Releases) 85
  9.4 Alto sub county - Ogor Road 85
  9.5 Responsibility of the Accounting Officer 86
  9.6 Non-availability of Accounting Records 86
  9 7 Presentation of financial statements 86
  9 8 Income and Expenditure Statement 86
  9 9 Balance sheet 87
  9 10 Lack of Accounting Records for SAGE Program 87
  9 11 Un-authorized Excess Expenditure 87
  9 12 Doubtful execution of road works 87
  9 13 Unsupported Cash & Cash Equivalents 88
  9 14 Unsupported Current Assets 88
  9 15 Incomplete Financial Statements 88
3 10 LAMWO
  10 1 Reconciliation of Central Government Grants (Treasury Releases) 89
  10 2 Non-Recovery of Agricultural Technologies 89
  10 3: Budget Performance 90
3 11 LIRA
  11 1. Cash and Cash Equivalents 91
  11 2. Reconciliation of Central Government Grants (Treasury Releases) 91
  11 3: Apparent Financial Loss 91
  11 4: Return of Donated Funds 92
  11 5: Budget Performance 92
12 NWOYA DISTRICT LOCAL GOVERNMENT 92
  12 12 Budget Performance 92
3 13 OTUKA 93
  13 1 Drainage Work and Swamp Filling at Acogogwao 93
  13 2 Budget Performance 94
  13 3. Financial Statements 94
  13 4 Reconciliation of Central Government Grants (Treasury Releases to Districts) 96
  13 5 Deposits Accounts Subsidiary Ledgers 96
  13 6 Financial reporting 96
14 OYAM DISTRICT LOCAL GOVERNMENT 97
  14 1 Allowances of Standing Committees 97
  14 2 Advance Payment 97
  14 3: Reconciliation of Central Government Grants (Treasury Releases) 98
  14 4: Dental equipment at Anyeke HCIV 99
  14 5: Un-reconciling Cash Position 99
  14 6 Expenditure of NUSAFL Sub-Project Funds 99
  14 7: Excess Expenditure on District Council Allowances. 100
  14 8 Unsupported Cash and Cash Equivalents 100
  14 9 Excess Expenditure on Council Emoluments and Allowances UGX 127,814,099 100
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 10</td>
<td>Budget Performance</td>
<td>101</td>
</tr>
<tr>
<td>14 11</td>
<td>Unauthorized Excesses</td>
<td>101</td>
</tr>
<tr>
<td>14 12</td>
<td>Unauthorized Internal Borrowings</td>
<td>102</td>
</tr>
<tr>
<td>14 13</td>
<td>Inconsistent Reporting</td>
<td>102</td>
</tr>
<tr>
<td>15</td>
<td>PADER</td>
<td>103</td>
</tr>
<tr>
<td>15 1</td>
<td>Transfers to Institutions</td>
<td>103</td>
</tr>
<tr>
<td>15 2</td>
<td>Reconciliation of Central Government Grants (Treasury Releases)</td>
<td>104</td>
</tr>
<tr>
<td>15.3</td>
<td>Budget Performance</td>
<td>104</td>
</tr>
<tr>
<td>15 4</td>
<td>Unauthorized Excesses</td>
<td>104</td>
</tr>
<tr>
<td>15 5</td>
<td>Unauthorized Internal Borrowings</td>
<td>105</td>
</tr>
<tr>
<td>15 6</td>
<td>Incomplete Financial Statements</td>
<td>105</td>
</tr>
<tr>
<td>15 7</td>
<td>Deposits</td>
<td>105</td>
</tr>
<tr>
<td>16</td>
<td>GULU MUNICIPALITY</td>
<td>106</td>
</tr>
<tr>
<td>16.1</td>
<td>Reconciliation of Treasury Releases</td>
<td>106</td>
</tr>
<tr>
<td>16 2</td>
<td>Reconciliation of Central Government Grants</td>
<td>107</td>
</tr>
<tr>
<td>16 3</td>
<td>Over expenditure on Administration</td>
<td>107</td>
</tr>
<tr>
<td>16.4</td>
<td>Payment of CDD Funds to Non-Existential Community Group</td>
<td>107</td>
</tr>
<tr>
<td>16 5</td>
<td>Lack of Risk Management Policy</td>
<td>107</td>
</tr>
<tr>
<td>16 6</td>
<td>Lack of Training Policy</td>
<td>107</td>
</tr>
<tr>
<td>16 7</td>
<td>Diversion of Funds</td>
<td>108</td>
</tr>
<tr>
<td>17</td>
<td>LIRA MUNICIPALITY</td>
<td>109</td>
</tr>
<tr>
<td>17 1</td>
<td>Budget Performance</td>
<td>109</td>
</tr>
<tr>
<td>17 2</td>
<td>Reconciliation of Central Government Grants (Treasury Releases to Districts)</td>
<td>110</td>
</tr>
<tr>
<td>17 3</td>
<td>Excess Expenditure</td>
<td>110</td>
</tr>
<tr>
<td>17 4</td>
<td>Un-Confirmed Deliveries of Vehicle Spares UGX 12,071,743</td>
<td>110</td>
</tr>
<tr>
<td>17 5</td>
<td>Un-Executed Work- Coronation Park</td>
<td>110</td>
</tr>
<tr>
<td>17 6</td>
<td>Budget Performance</td>
<td>111</td>
</tr>
<tr>
<td>D</td>
<td>JINJA AUDIT REGION</td>
<td>112</td>
</tr>
<tr>
<td>1.0</td>
<td>BUGIRI</td>
<td>112</td>
</tr>
<tr>
<td>1.1</td>
<td>Reconciliation of Releases of Central Government Grants</td>
<td>112</td>
</tr>
<tr>
<td>1.2</td>
<td>Erroneous release of Local service tax (LST)</td>
<td>112</td>
</tr>
<tr>
<td>1.3</td>
<td>Construction of the District Guest House</td>
<td>113</td>
</tr>
</tbody>
</table>
1.4 Lack of Fraud control Policies and Procedures
1.5 Forged accountability
1.6 Unexpended Balances
2.0 BUYENDE
2.1 Reconciliation of Releases of Central Government Grants
2.2 Payment for Dry Boreholes
3.0 IGANGA
3.1 Reconciliation of Releases of Central Government Grants
3.2 Incomplete Projects under Education Department
4.0 JINJA
4.1 Reconciliation of Releases of Central Government Grants
4.2 Payments of Royalties from Ms. Eskom (U) Ltd
4.3 Wasteful expenditure on bore holes
5.0 KALIRO
5.1 Reconciliation of Releases of Central Government Grants
5.2 Unexpended Balances
6.0 KAMULI
6.1 Reconciliation of Releases of Central Government Grants
6.1 Failure to co-fund projects UGX 22,724,500
3.7 KAYUNGA
3.7.1 Reconciliation of Releases of Central Government Grants
7.2 Non-functional Bore Holes
7.3 Non-functional CAIIP II machines
7.4 Construction of staff house with a 2 stance latrine and supply of water tank at Namirembe C/U Primary School
8.0 LUUKA
8.1 Reconciliation of Releases of Central Government Grants
8.2 Completed Projects not Utilized
8.3 Shoddy Works For Buwaiswa- Namagera Bridge
8.4 Abandoned Periodic Maintenance of Busala- Namulanda
9.0 MAYUGE
9.1 Reconciliation of Releases of Central Government Grants
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2</td>
<td>Unexpended Balances</td>
</tr>
<tr>
<td>10 0</td>
<td>NAMAYINGO</td>
</tr>
<tr>
<td>10 1</td>
<td>Reconciliation of Releases of Central Government Grants</td>
</tr>
<tr>
<td>10 2</td>
<td>Incomplete Projects</td>
</tr>
<tr>
<td>10.3</td>
<td>Unexpended Balances</td>
</tr>
<tr>
<td>11 0</td>
<td>NAMUTUMBA</td>
</tr>
<tr>
<td>11 1</td>
<td>Reconciliation of Releases of Central Government Grants</td>
</tr>
<tr>
<td>11 2</td>
<td>Non Compliance with SFG Guidelines</td>
</tr>
<tr>
<td>13 0</td>
<td>IGANGA MC</td>
</tr>
<tr>
<td>12 1</td>
<td>Reconciliation of Releases of Central Government Grants</td>
</tr>
<tr>
<td>12 2</td>
<td>Irregular land allocation and extension of leases</td>
</tr>
<tr>
<td>12 3</td>
<td>Diversion of LGMSD funds</td>
</tr>
<tr>
<td>13 0</td>
<td>JINJA MC</td>
</tr>
<tr>
<td>13 1</td>
<td>Reconciliation of Releases of Central Government Grants</td>
</tr>
<tr>
<td>13 3</td>
<td>Unimplemented Projects</td>
</tr>
</tbody>
</table>

**E – KAMPALA AUDIT REGION**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 0</td>
<td>BUTAMBALA DLG</td>
</tr>
<tr>
<td>1 1</td>
<td>Absence of Commitment Control Systems</td>
</tr>
<tr>
<td>1 2</td>
<td>Wrongly Reconciled Cash Position</td>
</tr>
<tr>
<td>1 3</td>
<td>Inadequate Maintenance of Buildings - Kawolo Hospital</td>
</tr>
<tr>
<td>1 4</td>
<td>Suspected Ghost Pupils in UPE Schools</td>
</tr>
<tr>
<td>1 5</td>
<td>Advances</td>
</tr>
<tr>
<td>1 6</td>
<td>Reconciliation of Treasury Releases</td>
</tr>
<tr>
<td>2 0</td>
<td>BUTAMBALA DLG</td>
</tr>
<tr>
<td>2 1</td>
<td>Appointment of Vote Controllers</td>
</tr>
<tr>
<td>2 2</td>
<td>Analysis of Primary Leaving Examination Performance</td>
</tr>
<tr>
<td>2 3</td>
<td>Lack of Periodic Drug Statements</td>
</tr>
<tr>
<td>2 4</td>
<td>Unspent balance on the Drugs</td>
</tr>
<tr>
<td>2 5</td>
<td>Non remittance of conditional grant to Gombe Town council 2012/13</td>
</tr>
<tr>
<td>2 6</td>
<td>Payroll Audit</td>
</tr>
<tr>
<td>2 7</td>
<td>Namilyango-Segabi Rd (8 0Km) 2012/13</td>
</tr>
</tbody>
</table>
2.0 BUVUMA DLG

3.1 Budget Performance
3.2 Low Admission in Health Centers
3.3 Un-reconciled Payroll Monthly Ledger
3.4 Reconciliation of Central Government Grants
3.5 Irregular Repair of Motor Vehicles
3.6 Reconciliation of Treasury releases
3.7 Cash Payments
3.8 Unauthorized Over Expenditure
3.9 Loss of a Vehicle

4.0 GOMBA DLG

4.1 Local Revenue accountable Stationery
4.2 Budget Preparation, Financial Performance and Cashbooks
4.3 Sanitation facilities in schools
4.4 Schools Enrolment Verification
4.5 State Of Classrooms
4.6 Budget Performance
4.7 Reconciliation of Central Government Grants

5.0 LUWERO DLG

5.1 Budget Performance
5.2 Unrecovered Advances/ Cash Losses
5.3 Analysis of Primary leaving examination performance
5.4 Reconciliation of Central Government Grants
5.5 District Indebtedness
5.6 The Luwero-Rwenzori Development Programme
5.7 Underutilization of funds meant for drugs
5.8 Construction of Ward at Nyimbwa HC IV UGX
5.9 Stores Register

6.0 MPIGI DLG

6.1 Un-reconciling Cash and Cash Equivalents
6.2 Overpayments for road contracts
6.3 Ethical Code of Conduct 144
6.4 Reconciliation of Treasury releases 144
6.5 Diversion of Funds by Lower NGO Health units 144
6.6 Non-remitance of shared revenue 144
6.7 Construction of 2 stance lined pit latrines for People with disabilities 145

7.0 MUKONO DLG
7.1 Budget Performance 145
7.2 Text book pupil Ratio 145
7.3 Reconciliation of Central Government Grants 146
7.4 Uncollected Property Rates 146
7.5 Unsafe Drinking Water from Boreholes 146
7.6 Unauthorized Expenditure 147
7.7 Reconciliation of Treasury releases 147
7.8 Financial year Unapproved 2% Inspection Fees 147
7.9 Construction of staff house at Namasumbi HCl 147

8.0 Nakasongola DLG
8.1 Budget Performance 147
8.2 Performance Ratios in Primary Leaving Exams (UPE) 2006-2010 148
8.3 Financial Reporting by Primary Schools 148
8.4 Doubtful Advances 149
8.5 Irregular Payments from the Transport Revolving Fund 149
8.6 Lack of a contracts register 150
8.7 Use of poor materials in upgrading of Naluvule Livestock market 150
8.8 Outstanding Payables 150
8.9 Disbursement of Luwero–Rwenzori funds 150
8.10 Defaulters of the Transport Revolving Fund 150
8.11 Management of the Luwero–Rwenzori Programme 151

9.0 NAKASONGOLA DLG
9.1 Budget under Performance 151
9.2 Reconciliation of Central Government Grants 152
9.3 Poor Performance in PLE examinations 152
9.4 Land Wrangles

9.5 Outstanding Pension Liability

9.6 Engineering Report

10 WAKISO DLG

10.1 Un-vouched Expenditure

10.2 Unprotected Land

10.3 Double Payments

10.5 Idle Maize and Rice Milling Plant (Agro-processing) at Namulonge

10.6 Unpaid rental Income from Markets

10.7 Wasteful Expenditure on Legal Services

10.8 Doubtful settlement of payables

10.9 Expired Valuation list

10.10 Operation of Numerous Revenue Accounts

11 Entebbe MC

11.1 Payables UGX180, 257,430

11.2 Overstocked drugs

11.5 Reconciliation of Central Government Grants

11.6 Board of Survey Report

11.7 Outstanding Payables

12 Mukono MC

12.1 Under Funding

12.1 Suspected Ghost Pupils in Kyasereka P/S

12.2 Un-updated valuation roll for property tax

12.3 Outstanding Creditors

12.4 Evaluation of Internal Audit Function

F - MASAKA AUDIT REGION

10 BUKOMANSIMBI DLG

11 Budget Performance

Table 1 showing budget performance

12 Reconciliation of Central Government grants (treasury releases to Districts)

13 Failure to implement projects

Table 2 showing review of the overall budget performance of the district
14 Non maintenance of constructed wells
Contractor Karobs Ltd

15 Excess Expenditure on District Emoluments and Allowances

16 Central Government Grants

17 Cash and Cash Equivalents

18 Construction of 4 motorized drilled wells lot 3 at Butenga sub county-Kisabwa Motorized well

19 The Water committee was not functional

10 Inadequate controls to safeguard District assets

20 KALANGALA DLG

21 Government Grants

22 Budget Performance

Table 3 Showing Budget Performance

23 Supply of Bicycles

24 Co-funding

25 Reconciliation of central government grants (treasury releases to Districts)

26 Inspection

27 Water

29 Works Production

30 KIBOGA DLG

31 Under-disbursement of Luwero-Rwenzori development funds

32 Suspected Deposits of Revenue

33 Poor Recovery of Luwero- Rwenzori Funds

34 Late submission of exception reports to Ministry of Finance

35 Budget Performance

36 Unauthorized and unapproved expenditure by the Chief Executive and Head of Finance

37 NAADS projects

38 Lack of CDD Quarterly performance reports

40 KYANKWANZI DLG

41 Reconciliation of Central Government Grants
4.2 Reconciliation of treasury releases

5.0 KALUNGU DLG

5.1 Cash and Cash Equivalents

5.2 Diversion of Funds

5.3 Namajuzi Swamp

5.4 Reconciliation of Central Government Grants

5.5 Inspection of water sources revealed,

5.6 Budget Performance

5.7 Local Revenue Shortfall

6.0 LYANTONDE DLG

6.1 Reconciliation of Central Government Grants

6.2 Unfunded Priorities

6.3 Budget Performance

6.4 Use of Revenue Receipts Books

6.5 Payment for Hire of Vehicle

6.6 Excess Expenditure on Councilors' Emoluments

7.0 KIBOGA DLG

7.1 Suspected Deposits of Revenue

7.2 Poor Recovery of Luwero-Rwenzon Funds

7.3 Late submission of exception reports to Ministry of Finance

TABLE 5: Review of the exception reports revealed submitted by MoFPED

7.4 Under-disbursement of Luwero-Rwenzon development funds

7.5 Failure to maintain revenue registers

8.0 MASAKA DLG

8.1 Budget Performance

9.0 MITYANA DLG

9.1 Nugatory Expenditure

9.2 Milk Cooler

9.3 Mityana Water Inspection

9.4 Mischarge of Expenditure items

9.5 Apparent Loss of Funds

9.6 Budget Performance
9.7 Delays to present accountability can lead to falsification of documents

10 MUBENDE DLG
10.1 Unauthorized Excess Expenditure
10.2 Delayed repair of the bulldozer
10.3 Budget Performance
10.4 Award of contracts to non-compliant and incompetent contractors
10.5 Incomplete Projects

11 SSEMBABULE DLG
11.1 Non-reconciliation of the budget and strategic plan
11.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)
11.3 None Issuance of Receipts in Numerical Sequence
11.4 Failure to Collect Lease Fees
11.5 Budget Performance
11.6 Unremitted withholding tax
11.7 Statement of Arrears of Revenue
11.8 Cash flow statement
11.9 Non-Compliance to force on account guidelines
11.10 Stolen Motor Cycles and Motor Cycles
11.11 Lack of storage facilities
11.12 Furniture at Ntuusi Sub County Headquarters
11.13 Consequently, delays to account may lead to falsification of documents

12 LWENGO DLG
12.1 Risk Management
12.2 Miss-charged expenditure
12.3 Budget Performance

13 RAKAI DLG
13.1 Failure to follow up on Prior Quarter Issues
13.2 Lack of NAADS Co-funding

14 MASAKA MC
14.1 Budget Performance
14.2 Central Government Grants
14.3 Collection of park fees
G – MBALE AUDIT REGION

1.1 BUDAKA DISTRICT
   1.1 Excess Expenditure 190
   1.2 Budget Performance 190
   1.3 PLE Performance 191
   1.4 Diversion of Conditional Grants 192

2 BUDUDA
   2.1 Unauthorized Excess Expenditure 2012/2013 193

3.0 BUKWO
   3.1 Budget Performance 193
   3.2 Reconciliation of central government grants (treasury releases to Districts) 194
   3.3 Lack of Contract Supervisors 2012/13 194

4 BULAMBULI DLG
   4.1 Accounting Records not availed 195
   4.2 Budget Performance 195
   4.3 Lack of Vote Books and Commitment Control System 196
   4.4 Un-authorized excess expenditure 196
   4.5 Reconciliation of Central Government Grants 196
   4.6 Failure to prepare annual cash flow budgets 197
   4.7 NAADS Co-funding 197
   4.8 Status of Technologies 197
   4.9 General Fund Account 198
   4.10 Completion of renovation and extension of veterinary laboratory and plant clinic 198
   4.11 Water Services 199

5 BUSIA DLG
   5.1 Budget Performance 199
   5.3 Reconciliation of Central Government Grants (treasury releases to Districts) 199
   5.3 Contracts Register 2011/2012 200
   5.4 Status of Technologies 200
   5.5 Water Services 201
   5.6 Unreported Loss 201
5.7 Inappropriate guidance on acquisition of assets
5.8 Loss of assets
5.9 District vehicles abandoned in a garage

6 BUTALEJA DISTRICT
6.1 Budget Performance
6.2 Reconciliation of central government grants (treasury releases to Districts)

7 KAPCHORWA DLG
7.1 Budget Performance
7.2 Cash and Cash Equivalents
7.3 Reconciliation of central government grants (treasury releases to Districts)
7.4 NAADS Co-funding
7.5 Doubtful deliveries
7.6 Incomplete and un-updated staff establishment register

8 KIBUKU DLG
8.1 Budget Performance
8.2 Excess Expenditure
8.3 Cash and Cash Equivalents
8.4 Reconciliation of Central Government Grants (Treasury Releases to Districts)
8.5 NAADS Co-funding by District
8.6 PLE Performance
8.7 Maintenance of Kadama - Kabweri - Kakutu Road
8.8 Absence of Contracts Register

9 KWEEN DLG
9.1 Budget Performance
9.2 Construction of administration block at Bitiny Sub County
9.3 Water

10 MANAFWA DLG
10.1 Budget Performance
10.2 Misappropriated Funds at Bumbo Health Centre
10.3 Reconciliation of Central Government Grants (Treasury Releases to Districts)
10.4 School Enrolment
10.5 Bupoto road maintenance
10.6 SFG Payments without School Management Committee Approval

11 MBALE DLG

11.1 Budget Performance

11.2 Reconciliation of Central Government Grants

11.3 STORES

12 PALLISA DLG

12.1 Budget Performance

12.2 Reconciliation of central government grants (treasury releases to Districts)

12.3 District Primary Leaving Examinations Performances in the last three years

13 SIRONKO DLG

13.1 Budget Performance

13.2 Non Adjustments of Vote Books

13.3 Water Services

13.4 Co-funding

13.5 Items not taken on charge

14 TORORO DLG

14.1 Budget Performance

14.2 Stores Records

14.3 Cash and Cash Equivalents

14.4 Un-authorized Expenditures

14.5 Un-approved Budget revision

14.6 Non-compliance with SFG guidelines

14.7 Water Services

14.8 NAADS Co-funding by District

14.9 Construction of an Office Block at Petta Sub-County

15 BUSIA MUNICIPALITY

15.1 Budget Performance

15.2 Financial Statements

15.3 Cash and Cash Equivalent

16 MBALE MC

16.1 Budget Performance 2010/2011
16 2 Un-budgeted for Expenditure
16 3 Unexplained Direct Bank
16 4 Double Charge of Public Funds
16 5 Failure to Transfer CDD Funds to Divisions
16 6 Over Spent Codes
16 7 Accounting Software
16.8 Reconciliation of Central Government Grants
16.9 Lack of a physical plan for the Municipality
16 10 Resealing and drainage works along Gangama Road
16 11 Intangible Asset (Website)
16 12 Irregular Budget Revision
16 13 Unaccounted for stores

17 TORORO MC
17 1 Non Maintenance of Accounting Records
17 2 Items Not Taken on Charge
17 3 PLE Performance

H – MBARARA AUDIT REGION

1 BUHWEJU DLG
1 1 Budget Performance specifically revenue
1 2 Reconciliation of Central Government Grants (Treasury Releases to Districts)
1 3 Poor Primary School Performance
1 4 Irregular vehicle Repairs
1.5 Monitoring Work Plans
1 6 Service Delivery Inadequacies (UPE Management and School Dropout)
1 7 Poor Primary School Performance

2 BUSHENYI DLG
2 1 Supply of a double cabin pick-up
2 2 Non – implementation of Council Resolutions
2 3 Subsidized rates of District houses
2.4 Non – declaration of safes
2.5 Monthly and Quarterly Commitments reports
2 6 Non preparation of Departmental reports
2.7 Failure to appraise the District staff
3 IBANDA DLG
3.1 Transfer of funds to lower Local Government
3.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)
3.3 District NAADS Account: Failure to meet Co-funding Obligation
3.4 Kijongo Sub-County NAADS Account: Funds Flow
3.5 Board of Survey Reports
3.6 Excess Expenditure
3.4 ISINGIRO DLG
4.1 Un-vouched fuel expenditure
4.2 Unapproved Contract Extensions – UGX 674,517,833
4.3 Reconciliation of Central Government Grants (Treasury Releases to Districts)
4.4 Irregular transfer of funds to Rugaaga Meat Producers and Processors Co-operative Association
4.5 Irregular Payment of VAT
4.6 Staff Personnel Files
4.7 Apparent Conflict of Interest and Unverified Water Sector Civil Works
4.8 Management and performance of Primary Education
4.8.1 UPE Schools performance
4.8.2 School Drop Outs
3.5 KABALE DLG
5.1 Reconciliation of central government grants (Treasury Releases to Districts)
5.2 Audit of the Works Stores at the Yard and Medical Stores
5.3 Poor Grades in schools
5.4 Irregularities Motor Vehicle Repair
5.5 Long Outstanding Unrecovered Advances
5.6 Primary School Dropout Annual Rate at 11%
5.7 Budget Management
6 KANUNGU DLG
6.1 Unverified domestic arrears
6.2 Unfair recruitment of road overseer and headman
6.3 NAADS Recovery Account
6.4 Reconciliation of central government grants (Treasury Releases to Districts)
6.5 Operating Expenses
6.6 Cash Inflows from Operating Activities
6.7 Long Term Investments
6.8 Advance for a Service Provider
6.9 Segregation of Duties
6.10 High Dropouts in UPE Schools
6.11 Misstatements in Financial Statements
6.12 Un-recovered Advances
6.13 Un-verified Investment
6.14 Un-presented Monthly and Quarterly Financial Statements
6.15 Appointment of Vote Controllers
6.16 Weaknesses in Monitoring Work Plans
7.1 KIRUHURA DLG
7.2 Staff Advances
7.2.2 Unauthorized Excess Expenditure
7.3 Reconciliation of Central Government Grants (Treasury Releases to Districts)
7.4 Lack of Contract Register
7.5 Outstanding Pension Arrears
7.6 Weaknesses in Monitoring Work Plans
7.7 Budget Management
7.8 Analysis of UPE Drop Out Rate
8.1 VAT Payment
8.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)
8.3 Un-verified Arrears
8.4 Transfer to NGO Hospitals
8.5 Board of Surveys
8.6 Doubtful Expenditure for Council Activities
9.1 MBARARA DLG
9.1.1 Statement of stores and other physical assets
9.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)
9.3 Cash and Cash Equivalents
9.4 Lack of a Valuation Report
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.5</td>
<td>PHC – Non wage, PHC Development and NGO Hospital Transfers</td>
</tr>
<tr>
<td>9.6</td>
<td>Mismanagement of DANIDA Funds</td>
</tr>
<tr>
<td>9.6.1</td>
<td>Overstatement of Contract Amount</td>
</tr>
<tr>
<td>9.7</td>
<td>Weaknesses in Monitoring Work Plans</td>
</tr>
<tr>
<td>9.8</td>
<td>Lack of Performance Bond</td>
</tr>
<tr>
<td>9.9</td>
<td>Irregularities in Lease of Former UNICEF Ground to AMPROC</td>
</tr>
<tr>
<td>9.10</td>
<td>Un-reconciled –Payroll</td>
</tr>
<tr>
<td>9.11</td>
<td>Filling and Filing of Pay Change Forms</td>
</tr>
<tr>
<td>9.12</td>
<td>Review of the Drug-push policy</td>
</tr>
<tr>
<td>9.13</td>
<td>Lack of Equipment and Accessories in Health Center</td>
</tr>
<tr>
<td>9.14</td>
<td>Budget Management</td>
</tr>
<tr>
<td>3.10</td>
<td>NTUNGAMO DLG</td>
</tr>
<tr>
<td>10.1</td>
<td>Irregular payments</td>
</tr>
<tr>
<td>10.2</td>
<td>Education Fund Bursary</td>
</tr>
<tr>
<td>10.3</td>
<td>Budget Shortfall</td>
</tr>
<tr>
<td>10.4</td>
<td>Force on Account Works</td>
</tr>
<tr>
<td>10.5</td>
<td>Unpaid Electricity bill</td>
</tr>
<tr>
<td>10.6</td>
<td>Overpayment for Fraudulent Practice</td>
</tr>
<tr>
<td>10.7</td>
<td>Doubtful consumption of fuel</td>
</tr>
<tr>
<td>10.8</td>
<td>Un-recovered Advances</td>
</tr>
<tr>
<td>10.9</td>
<td>Reconciliation of Central Government Grants (Treasury Releases to Districts).</td>
</tr>
<tr>
<td>10.10</td>
<td>Bank Overdraft in 2012 and 2011</td>
</tr>
<tr>
<td>10.11</td>
<td>Limited use of IFMS</td>
</tr>
<tr>
<td>10.11.1</td>
<td>Non adherence to Primary Health Care guidelines</td>
</tr>
<tr>
<td>10.12</td>
<td>Board of Survey Report</td>
</tr>
<tr>
<td>10.13</td>
<td>Universal Primary Education Performance</td>
</tr>
<tr>
<td>10.14</td>
<td>Diversion of Funds</td>
</tr>
<tr>
<td>10.15</td>
<td>Redundant Buildings</td>
</tr>
<tr>
<td>10.16</td>
<td>Budget Performance</td>
</tr>
<tr>
<td>10.17</td>
<td>Loss of Motorcycles</td>
</tr>
<tr>
<td>10.18</td>
<td>Bidding documents</td>
</tr>
<tr>
<td>10.19</td>
<td>Shared Utility bills</td>
</tr>
<tr>
<td>10.20</td>
<td>Nugatory Expenditure</td>
</tr>
</tbody>
</table>
11 RUKUNIGIRI DLG

11 1 Unverified staff advances
11 2 Net worth
11 3 Discrepancy between total expenditure in the income and expenditure statement and cash flow statement
11 4 Appointment of District Tax Assessment Committee
11 5 Re-allocation of Funds
11 6 Theft of Bicycles
11 7 Undisclosed Sale of Mature Steers
11 8 Inspection of Primary Schools (Apparent School drop-out)
11 9 Inadequate Text Books
11 10 Irregular Payment of VAT to Contractors
11 11 Delays in Transfer of Funds
11 12 Budget Management
12 SHEEMA DLG
12 1 Unpaid Electricity Bills
12 2 Reconciliation of Central Government Grants (Treasury Releases to Districts)
12.3 Weaknesses in Management of UPE Schools (High Dropout rate in UPE Schools)
12 4 Poor Academic Performance in UPE Schools
12 5 Under Production at Rubaare District Demonstration Farm
12 6 Budget Management
13 MITOOMA DLG
13 1 Doubtful Expenditure
13 2 Force on account management
13 3 Lack of Measurement Sheets
13 4 Reconciliation of Central Government Grants (Treasury Releases to Districts)
13 5 Weaknesses in Monitoring Work Plans in 2012 and 2011
13 6 Doubtful Purchase of Stationery
13 7 Un-checked Pupil Drop-Out
13.8 Primary Leaing Examination Performance
13 9 Budget Management
14 RUBIRIZI DLG
14 1 Apparent mismanagement of CDD funds
| 14.2 Lack of loss report forms | 292 |
| 14 3 Membership of the district service commission | 293 |
| 14 4 Declining performance of UPE schools | 293 |
| 14 6 Inspections | 295 |
| 14.6.1 Non engraving of bicycles for Parish and Village Council Chair persons | 295 |
| 14.6.2 Ngoro Primary School | 295 |
| 14 7 Reconciliation of Central Government Grants (Treasury Releases to Districts) | 296 |
| 14 8 Delayed Projects | 296 |
| 19 9 Transfers of Grants to Health centers (PHC Non-Wage Transfers) | 297 |
| 14 9 Failure to Separate Rugaazi HCIV Funds from those of the District | 297 |
| 14 10 Un-presented Monthly Financial Statements for the Year 2011/2012 | 297 |
| 14 11 Lack of a Clear Training Policy | 298 |
| 14 12 UPE Schools Performance | 298 |
| 14 13 UPE Drop out Ratio | 299 |
| 14 14 Irregular Allowances | 300 |
| 14 15 Lack of Pay change Forms on File and Referenced Personnel Files | 300 |
| 14 16 Lack of Establishment Register | 301 |
| 14 17 Appraising of the District Workers/ Staff | 301 |
| 14.18 Inspection of Primary schools (Inspection of Primary schools) | 301 |
| 14 19 Dropout of Pupils | 302 |
| 14 20 Weaknesses in Monitoring Work Plans | 303 |
| 14 21 Budget Management | 303 |
| 15 BUSHENYI - ISHAKA MC | 304 |
| 15.1 Income statements | 304 |
| 15 2 Revision of approved budget without authority | 304 |
| 15 3 Lack of road survey | 304 |
| 15 4 School drop out | 305 |
| 15 5 Budget management | 305 |
| 16 KABALE MC | 306 |
| 16 1 Non-disclosure of proceeds from sale of Land | 306 |
| 16 2 Non Remittance of Local Revenue to Divisions | 306 |
| 16 3 Double Payment of Gratuity | 307 |
| 16 4 Outstanding Liabilities | 307 |
16 5 Long Overdue Advances
16 6 Lack of linkage between Three Year Development Plan, Budget/Work Plan and the Actual Work Done
16 7 Budget Management
3 17 MBARARA MC
17.1 Delayed utilization of USMID funds
17 2 Non-preparation of Quarterly Financial Statements
17 3 Non-Renewal of Central Market Tenancy Agreements
17 4 Tarmacking of a Road Portion by a Private Developer – UGX 22,380,000
17 5 Contract Management
17 6 Unimplemented Projects Incompletely Accounted for Fuel Deposits
17 7 Cash Payments
17.8 Fuel Utilization – UGX 56,073,658
17 9 Supply of Road Lime - UGX 68,680,000
17.10 Payments to Petty Contractors – UGX 27,898,300
17 11 Non-Current Assets
17 12 Court Costs
17 13 Reconciliation of Central Government Grants (Treasury Releases to Districts)
17 14 Garbage Collection
17 15 Employee Benefits
17 16 Unverified and Undisclosed Deposits
17 17 Un-Explained Work in Progress
17.18 Un-disclosed Assets
17 19 Unremitted Shared Revenues
17 20 Irregular Payment of Allowances
17 21 Inadequate Allocation of Local Revenue to Development Projects
17 22 Payments Made Outside the Work Plans
17 23 Alteration of the Organization Structure without Council Authority
17 24 Failure to make monthly and Quarterly reports
18 1 (a) Donations-UGX 1,193,897,500
18 2 Non remittance of Grant to Divisions
18.3 Property Valuation
18 4 Budget Management
18 5 Breach of Community Based Guidelines 323
18 6 Board of Survey 324
18 7 Irregular Distribution of PHC Non-Wage 324
18 8 Poor Land Records and Management (Payment for Land) 324
18 9 Long Overdue and Doubtful Payables 325
18 10 Unauthorized Overdrafts 325
18.11 School Drop out 326
19 RUKUNGIRI MC 326
19 1 Unrecovered Advances 326
19 2 Statement of Arrears of Revenue 326
19 3 Un Remitted collections to the Divisions 327
19 4 Unauthorized Transfers between Accounts 327
19 5 Unremitted Funds to Lower Councils 328
19 6 Poor Management of Escrow Account (Improper Cash Book Keeping) 328
19 7 Irregular Banking of Water Collections 328
19 8 Electricity Debts 329
19 9 Budget Management 329

I – SOROTI AUDIT REGION 330
1 ABIM DISTRICT 330
   1 1 Internal Audit Department 330
   1 2 Branding of Projects 330
   1 3 Over Commitment of PRDP Funds 330
   1 4 Contract Management 331
   1 5 Release of Local Economic Development Funds to Non Existing Associations 331
   1 6 World Health Organisation (WHO) workshops 332
   1 7 Service Delivery 332
   1 8 Force Account Irregularities 333
   1 9 Materials not recorded in the Stores Ledger 334
      1 10 Existence of a Rare Disease (Kalazer) 334
      1 11 Back to School Campaign 335

2 AMUDAT DISTRICT 337
   2 1 Public Works 337
   2 2 Lack of Pre and Post Assessment 338
2.3 Lack of Substantive Head of Procurement Department Unit 338
2.4 The District Land Board 339
2.5 Internal Audit Function 339
2.6 Undelivered Fish Fry 340
2.7 Commitment Control System 340
2.8 Financial Statements 340
3. BUKDEGA DISTRICT 341
  3.1 Evaluation of Internal Audit 341
  3.2 Projects Implementation 341
  3.3 Idle Incubator 341
  3.4 Revenue 342
  3.5 Reconciliation of Central Government Grants (Treasury Releases to Districts) 342
  3.6 Hire of Equipment 343
  3.7 Branding of Projects 343
  3.8 Custody of stores and the other assets 344
4. KABERAMAIDO DISTRICT 344
  4.1 Internal Audit Department 344
  4.2 Hydroform Machine 345
  4.3 Labour Based Rehabilitation of Otuboi-Bata Road (2012/13) 345
  4.4 Multiple Awards to Same Contractors 346
  4.5 Tendered Out Revenue Procurement Files Missing 346
  4.6 Reconciliation of Central Government Grants (Treasury Releases to Districts) 347
  4.7 Financial Statements 347
  4.8 Public Works 348
  4.9 Force on account Expenditure 348
  4.10 Transfers to Non-Governmental Hospitals 349
5. KABOONG DISTRICT 350
  5.1 Reconciliation of Central Government Grants (Treasury Releases to Districts) 350
  5.2 Kathile-Narengapak Road 350
  5.3 Louis Drift Construction 351
  5.4 Education-Kopoth Primary School 351
5.5 Commissioning of Boreholes
5.6 UPE Programs
5.7 Procurement
5.8 Rehabilitation of Loleia-Lowakuj-Karenga Road (44.1km)
5.9 Construction of Piped Water System in Kalapata s/c
5.10 Irregular award of construction of a market shade at Loyoro s/c
5.11 Stores Management
5.12 Lack of Documented Risk Management Policies
5.13 Hire of Road Equipment
5.14 Purchase of Materials for Road Works
5.15 Payments to Road Gangs

6 KATAKWI DISTRICT
6.1 Reconciliation of Central Government Grants (Treasury Releases to Districts)
6.2 Works Department
6.3 Extension of Piped water system to Toroma Girls p/s
6.4 Other Departments
6.5 Lack of Documented Risk Management Profile

7 KOTIDO DISTRICT
7.1 Outstanding Personal Advances
7.2 Primary Leaving Examination performance
7.3 Unexpended Balances
7.4 Irregular Payments
7.5 Poor Stores Management
7.6 Evaluation of the Internal Audit Function
7.7 Service Delivery
7.8 Rehabilitation of Losilang – Nakapelimoru Road
7.9 Stores

8 KUMI DISTRICT
8.1 Non-Functional Water Pump
8.2 Hospital Assets Not Engraved
8.3 Lack of Incinerator Ash Disposal Pits
8.4 Internal Audit
8.4 Irregular Payment of Retention Fees 365
8.5 Overpayment to a Local Firm 366

9 MOROTO DISTRICT 367
9.1 Wasteful Expenditure 367
9.2 Incomplete Projects 367
9.3 Inspections 368
9.4 Evaluation of Internal Audit Department 368
9.5 Management of Stores 369
9.6 Reconciliation of Central Government Grants (treasury releases to Districts) 369
9.7 Lack of Revenue Assessments 369

10 MOROTO MUNICIPALITY 370
10.1 Review of Internal Audit 370
10.2 Internal Audit Funding 2012/13 370
10.3 PLE Performance Indicators in the Education Sector 371
10.4 Government Releases 372
10.5 Poor Management of Construction Materials under Force on Account 372
10.6 Construction of the drainage channel along Singila Rd 373
10.7 Outstanding Advances 373

11 NAKAPIRIPIRIT DISTRICT 374
11.1 Reconciliation of Central Government Grants (Treasury releases to Districts) 374
11.2 Internal Audit Reports 374
11.3 Low Absorption capacity 374
11.4 Government Aid to NGO hospital 375
11.5 Review of Internal Audit Function 375
11.6 Out Patient Department in Lomorunyangae HC II 376
11.7 Construction of Houses at Looro Sub-county 376

12 SOROTI DISTRICT 377
12.1 Incomplete Contracts Register 377
12.2 Budget Performance 377
12.3 Limitation of scope in the audit of Teachers Payroll 378
12.4 Internal Audit Function 378
12 4 Procurement Irregularities 379
12 5 Unsecured Advance 379
12 6 Land Office 379
12 7 Failure to undertake revenue assessments 380

13 SOROTI MUNICIPALITY 380
13 1 Procurements 381
13 2 Culvert Installation under Routine Road 382
13 3 Drug Stock-outs, and Inadequate Medical Equipment s in Health centres 383
13 4 Lack of Stores Ledgers 384
13 4 Internal Audit Function 384
13 5 Reconciliation of Central Government Grants (Treasury Releases to Districts) 385
13 6 Revenue Spent at Source 385
13 7 Lease of Soroti Municipal S S 386
13 8 Lease of Medera Hostel along Moroto Road 386

14 NAPAK DISTRICT 387
14 1 Reconciliation of Central Government Grants (Treasury Releases to Districts) 387
14 2 Lack of Contracts Manager 387
14 3 Shoddy Works at Lorengera Trading Centre 387
14 4 Unauthorized Recruitment by the District 388
14 6 Drilling & Installation of boreholes 389
14 7 Periodic maintenance of Matanty-Lokopo Rd (2km) 389
14 8 Low Absorption Capacity to Utilise CDD Funds 389
14 9 Outstanding Salary advances 390
14 10 Internal Audit function 391

15 NGORA DISTRICT 391
15 1 Internal Audit 391
15 2 Service Delivery Inadequacies 391
15 3 Water Department 392
15 4 Reconciliation of Central Government Grants (February Releases to District) 393
15 5 Unaccounted for Advances 393
15 6 Revenue Performance 394
15 7 Rehabilitation of Boreholes 394
16 SERERE DISTRICT

| 16 1 | Internal Audit Department | 394 |
| 16 2 | Internal Audit Unit | 394 |
| 16 3 | Technical Audit of Road Maintenance Civil Works-Force Account | 395 |
| 16 4 | Inadequate documentation of Equipment outputs | 395 |
| 16 5 | Inconsistency of Some Proposed Work Inputs with the Guideline and Work Plan | 396 |
| 16 6 | Lack of Adequate Documentation for Spot Graveled Sections and Culvert Locations in the Progress Reports | 396 |
| 16 7 | Lack of Pre and Post Assessment Reports | 397 |
| 16 8 | Lack of schedule for maintenance of road equipment | 397 |
| 16 9 | Field Inspection of Works | 398 |
PART I. INTRODUCTION

1.0 Background

The Parliamentary Standing Committee on Local Government Public Accounts Committee (LGPAC) is mandated by Rule 179 of the Rules of Procedure of the Parliament of Uganda to scrutinize, consider and report to the plenary on the accounts, operations, and performance of local governments in Uganda. However, the LGPAC had backlog of reports of the Auditor General’s reports spanning a period of four (4) years from FY 2010/11 to FY 2013/14. It was against this background that a Task Force was constituted to analyse and generate a consolidated backlog report on queries of the Auditor General on operations and performance of Local governments in Uganda for the period 2010/11 to 2013/14. This report is the task force report which has two parts. The rest of the report is presented as follows. Part 1 describes the background, scope and approach while Part 2 details the audit queries per audit region and entity.

2.0 Scope and approach

The report covers Auditor General’s reports spanning a period of four (4) years from FY 2010/11 to FY 2013/14 relating to Local Governments. The approach of the assignment was that, the Taskforce reviewed, sorted and grouped all the queries raised in the reports of the Auditor General in the four years according to districts and regions. Using the Report of LGPAC for the FY 2014/15, which was debated and adopted by the House in December, 2016, the Task force collated all the queries with cross cutting issues with the view to recommend dropping of some of the queries exhaustively handled at that time. This was meant to avoid repetition and to save time by not handling matters the house had already handled. In addition, the Task Force analyzed and merged all similar queries raised in the period under review and prepared a backlog report for presentation to the Committee with recommendations on queries to be dropped where necessary.
PART II. AUDIT QUERIES

A – ARUA AUDIT REGION

This section of the report presents extracted queries for Arua Audit Region covering eight districts and one municipality. The entities audited include the districts of Adjumani, Arua Koboko, Maracha, Moyo, Nebbi, Yumbe and Zombo. In addition, Arua Municipality was audited. The extracted audit queries are presented as follows.

1.0 ADJUMANI

1.1 Missing Receipt Book
A receipt book with serial numbers 7001-7750 comprising of Local revenue totaling to UGX 3,800,000 was not presented for verification. A receipt book was used during the month of July 2010 and August 2010. The Committee should examine why the receipt book was not submitted for verification and hold the concerned person(s) liable and culpable.

1.2 Absence of Deposits Accounts Subsidiary Ledger
Adjumani District did not maintain deposit account subsidiary ledgers contrary to accounting regulations yet the district had contracts from which retention monies were withheld. Records of such monies were mixed together with the Council’s monies on expenditure accounts. In these circumstances, the control of such funds and protection from unauthorized expenditure was difficult. Further, these balances were not disclosed in the balance sheet and could not be ascertained due to the absence of relevant subsidiary ledgers. The Accounting Officer should explain why separate ledgers were not kept for the said monies. How much was involved? Who should be held responsible? What action has the Accounting Officer taken to fix the problem?

1.3 Grounded Vehicles
Most of the district’s motor vehicle fleet were grounded and vandalised with no plan to restore them to their usable condition. There is a risk the wastage. The Accounting Officer should explain why the vehicles were not maintained or disposed of in accordance with relevant regulations. What the status of these vehicles?

1.4 Lack of Fire Extinguishers at the District Hospital
In 2012, the hospital had 37 fire extinguishers which were last serviced on 13/11/2008 and eight (8) of them were found missing. In the event of a fire outbreak in the hospital, these fire extinguishers may not be useful risking the safety of the hospital. The Accounting Officer should explain why the fire extinguishers were not services exposing the hospital to a risk of destruction? What happened to the missing eight (8) extinguishers that were purportedly missing? If at all they were at the stores, what purpose where the extinguishers service by being kept in the stores?
1.5 Unauthorized Expenditure
In 2013, a total of UGX. 119,282,205 was spent in excess of budget provisions on four programmes without approval by the Council. In the circumstance, the expenditure was irregular. Where did the district get the access money? Why didn't the Accounting Officer authority from the Council to utilize the said funds? On which activities was the money spent?

1.6 Irregularities in the Navision system
The District started operating the Navision system at the end of November 2012. However, the following were noted:

a) Payments that were effected between July and November 2012 were entered in the system as backlogs. However, these transactions are not reflected in the reports generated by the system, implying that these transactions were never captured by the system.

b) The payment vouchers generated were not sequentially numbered.

c) Payment voucher numbers were duplicated.

d) Expenditure figures from the payment register were in negative as indicated in Table 1.

Table 1. Extract of figures from the Systems

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<thead>
<tr>
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<tbody>
<tr>
<td>263102</td>
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<td>Administration (CAO's)</td>
<td>-</td>
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<td>LG Unconditional Grant</td>
<td>Finance (Admin Office)</td>
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<td>282101</td>
<td>Donations</td>
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<td>221006</td>
<td>Commissions and related charge</td>
<td>Planning</td>
<td>30,932,000</td>
</tr>
<tr>
<td>321103</td>
<td>Expenditure accounts</td>
<td>Assets</td>
<td>-</td>
</tr>
</tbody>
</table>

The Accounting Officers should explain if the anomalies had been rectified and what specific actions are in place to ensure that similar anomalies do not re-occur.

1.7 Failure to recruit the road overseers
It was noted that the district did not recruit overseers, instead the responsibility was left to an intern on industrial training to oversee the road gang. The Accounting Officer should explain why the district continues to use interns as Road Overseers as opposed to recruiting competent people in these positions? Who were these interns? How were they sourced? Who oversees the roads when the interns return to their institutions?

1.8 Interest earned on NUSAF 2 Community Sub Project Account
In 2014, the district earned interest to the tune of UGX 10,585,138 on Northern Uganda Social Action Fund (NUSAF), it did not return the interest to Bank of Uganda.
(BoU) as required by the Line Ministry (Office of the Prime Minister) Furthermore, the district utilized UGX 8,497,303 from these funds on recurrent expenditure without authority.

Was the interest declared as an income for appropriation before it was utilized? Why was it spent without authority? On what activities was it spent on?

2.0 ARUA

2.1 Poor maintenance of vote books

In 2011, analysis of the estimates and the actual expenditure revealed that a significant number of votes were overspent by UGX 538,925,045 without council authority. In addition, the vote book was not properly filled in detail.

Why didn’t the Accounting Officer seek authority from the Council to utilize the said funds? On which activities was the money spent? Why has the district failed to maintain a vote book yet they continue spending public funds?

2.2 Reconciliation of Treasury Releases

In two consecutive years, there was variance in financial statements of the receipt of releases disclosed by the district as compared MoFPED records leading to an unexplained difference as shown in the Table 2.

<table>
<thead>
<tr>
<th>Table 2: Reconciliation of releases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Year</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>2011/12</td>
</tr>
<tr>
<td>2012/13</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The Accounting Officer should explain the variation amounting to UGX 4,108,010,771? Where is this money?

2.3 Shortfall in Central Government Transfers and Donor support

In 2012, only a sum of UGX 41,530,735,198 was received from the Central Government to finance its budget of UGX 45,258,849,944 leading to a funding shortfall of UGX 3,728,114,746.

The Accounting Officer should explain how the shortfall affected service delivery in the district? Which specific activities were not implemented?

2.4 Irregular Arithmetic Errors in Bidders Documents

In 2012, it was reported that bidders were not notified of arithmetic errors totalling to UGX 323,395,481 corrected by the evaluation committee. The involvement of the evaluation committee in the correction of arithmetic errors without notification of the
bidders points to an evaluation process which was not transparent. However, the Accounting Officer explained that the entity displayed the results of the evaluation for successful and unsuccessful bidders with all the arithmetic corrections on the Public notice board.

Why were bidders informed about the errors after the evaluation process had been concluded? What action has the Accounting Officer taken against persons who occasioned the anomaly?

2.5 Analysis of Performance in Primary Leaving Examinations

Analysis of performance of UPE Schools in the District in regard to Primary Leaving Examinations revealed that over a 4 year period covering, 2008 to 2011 only 13% have passed in Division 1 while the failures (Grade U and X) were 4,214 (15%). This meant that those who obtained Grades U and X could not proceed to the next level thereby limiting their future career choices as indicated in the Table 3.

<table>
<thead>
<tr>
<th>Year</th>
<th>DIV 1</th>
<th>DIV 2</th>
<th>DIV 3</th>
<th>DIV 4</th>
<th>DIV U</th>
<th>DIV X</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>22</td>
<td>1,372</td>
<td>2,140</td>
<td>803</td>
<td>884</td>
<td>0</td>
<td>5,201</td>
</tr>
<tr>
<td>2009</td>
<td>60</td>
<td>2,665</td>
<td>2,505</td>
<td>1,436</td>
<td>903</td>
<td>639</td>
<td>8,718</td>
</tr>
<tr>
<td>2010</td>
<td>180</td>
<td>3,856</td>
<td>2,186</td>
<td>974</td>
<td>611</td>
<td>0</td>
<td>7,807</td>
</tr>
<tr>
<td>2011</td>
<td>110</td>
<td>3,060</td>
<td>1,779</td>
<td>1,050</td>
<td>786</td>
<td>391</td>
<td>7,322</td>
</tr>
<tr>
<td>Total</td>
<td>372</td>
<td>10,953</td>
<td>8,610</td>
<td>4,263</td>
<td>3,184</td>
<td>1,030</td>
<td>29,04</td>
</tr>
</tbody>
</table>

The Accounting Officer should explain dismal performance in primary examinations in the district? What are the salient causes and what strategic interventions have been undertaken?

2.6 Failure to Convene Board of Survey

For the Financial year ended 30th June 2013, the District did not convene the Board of Survey to examine the assets, stores and bank balances contrary to Financial and Accounting Regulation 102 rendering financial statements inaccurate? How the Accounting Officer issue final accounts without a Board of Survey report? What actions have been undertaken to correct the anomaly?

2.7 Doubtful Expenditure on a Workshop

Health Sector Management conducted a workshop under the global fund activities on training of 37 Health staff for six (6) sessions each on integrated malana management at a total cost of UGX 106,829,000 However, UGX 89,149,000 remained un-accounted which was advanced to an official from the Ministry of Health to coordinate the training in
terms of settlement of hotel hire, full board accommodation, fuel and allowances. Under what circumstances did the District plan for activities being implemented by the Ministry? Who was the official from the Ministry of Health? Who should refund the unaccounted funds?

3.0 KOBOKO

3.1 Bank Overdrafts without Council Authority
In the year 2011, without any evidence of approval of the Council, Koboko District Local Government over-drew accounts to a tune of UGX 6,069,055 as shown in the Table 4.

Table 4: Schedule of bank overdrafts in Koboko DLG

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>1,842,252</td>
</tr>
<tr>
<td>Finance and Planning</td>
<td>560,709</td>
</tr>
<tr>
<td>Production and Marketing</td>
<td>898,150</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>2,767,944</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,069,055</strong></td>
</tr>
</tbody>
</table>

The Accounting Officer should explain how the accounts were overdrawn with the necessary approvals? How was the anomaly addressed?

3.2 Misstatement of Cash and Cash Equivalents in Financial Statements
In 2011, in analysis of the cash flow statement and the balance sheet revealed an understatement of the cash and cash equivalents in the statement of cash flows by UGX 127,526,282. What caused the understatement? Who should be held culpable for forging accounts? What remedies has the accounting officer undertaken to correct the financial statements?

3.3 Ownership of Land at Aipe Health Centre II
UGX 148,763,990 was incurred on construction of an Out Patients Department (OPD) Maternity Ward and a staff house at Aipe Health Centre II. These structures were situated on land given to the district by a local resident. However, there were neither agreements nor minutes of meetings between the parties authenticating the offer. The land lord's son was still occupying and using the same land alongside the health Centre. There is a possibility of a dispute. Besides, this investment was not disclosed in the assets schedule attached to the financial statements. What actions has the District undertaken to acquire title of land where the Health Centre II was constructed? How the accounts of the District balance without including UGX 148, 763, 990 worth of assets?

3.4 Unexplained Miscellaneous Revenue
In the year 2011, miscellaneous revenue of UGX 13,621,150 shown in the Trial Balance was not explained. The Accounting Officer must explain the source of miscellaneous revenue to a tune of UGX 13, 621,150?
3.5 Filing of Photocopied Documents

In the year 2011, Koboko District Local Government under its production and marketing account presented photocopied documents as attachment to the following two vouchers illustrated in Table 5 -

Table 5: Photocopied documents in Koboko DLG

<table>
<thead>
<tr>
<th>Date</th>
<th>Place</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>15/04/2011</td>
<td>Abu filling station</td>
<td>To facilitate the district surveillance</td>
<td>1,680,000</td>
</tr>
<tr>
<td>13/04/2011</td>
<td>Dr Onzima S</td>
<td>Surveillance of livestock</td>
<td>2,040,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3,720,000</td>
</tr>
</tbody>
</table>

The Accounting Officer should explain under what circumstance where accountability documents of planned activities taken to the Ministry without retaining certified photocopies?

3.6 Poor facilitation to Education Department

The Department of Education had no vehicle and sufficient office space for its operations. There was no evidence of any efforts made at the time of the audit to have these facilities in place. The Accounting Officer should explain why there is no effort to support this vital department in district? What steps has District undertaken to solve the problem?

3.7 Discrepancy in Treasury Releases

In the year 2012, the district financial statements disclosed UGX10, 919, 399, 849 whereas MoFPED records showed that the releases to the district amounted to UGX 9,818,745,624 leading to unexplained UGX 1,100,654,225. The Accounting Officer should explain the variation amounting to UGX 1,100,654,225? Where is this money?

4.0 MARACHA

4.1 Reconciliation of Treasury Releases to Districts

In the year 2011 there was a discrepancy between grants received by the district and those sent by MoFPED. The district’s financial statements disclosed an amount of UGX13,639,027,448 as received whereas MoFPED records showed a total released amount of UGX11,626,913,118 to the district leading to unexplained difference to a tune of UGX2,012,114,330. The Accounting Officer should explain the variation amounting to UGX 2,012,114,330? Where is this money?

4.2 Irregular supply of bicycles

A contractor for the supply of 470 bicycles for LC I&II Chairpersons at a contract price
of UGX106,220,000 was paid in full on 27/6/2013 before the delivery of the bicycles which was irregular. The bicycles were delivered on 28/6/2013 and 6/8/2013. In addition, the criteria used to identify the rightful beneficiaries was not disclosed. The Accounting Officer should explain why the bicycles paid for before delivery exposing the public funds to a risk. What criteria was used to distribute the bicycles? How does the district treat these bicycles in the books of accounts?

4.3 Loss of two Motorcycles
In 2013, two motorcycles were lost under unclear circumstances by district staff without any reports being made to the Accounting Officer and relevant offices contrary to the regulations. The Accounting Officer explained that he had written to a staff to make good the loss and initiated further investigations with a view of taking disciplinary action. Who were the staff involved? What action has been taken against the staff? Have the staff made good of the loss?

4.4 Payments to District Officials for Vehicle Repair
In 2014, the district paid UGX 3,392,297 to an officer of the district in respect of repair and services carried out on motor vehicles contrary to paying such money directly to the service provider rendering the transaction doubtful. Who was the officer? Why did the Accounting Officer authorize such a transaction? What evidence exists to confirm that the funds have been recovered from the officer?

4.5 Violation of Commitment Control System
The district did not properly maintain the vote books which would otherwise act as a safeguard to avoid overspending. The vote books availed for review had blank columns for Work plan, Commitment Limit, Cash Release, Commitments, Balance On Commitment Limit, Commitment Balance on Cash Release, Unpaid Commitments, Initials and Remarks of vote controllers. This is a sign of budget indiscipline as the budgetary control system was by passed. Why did the Accounting Officer spend public resources without ensuring maintenance of a vote? Which officers should be held for this gross negligence? What actions has the Accounting taken to discipline the staff and correct the anomaly?

4.0 MOYO

5.1 Doubtful Repairs
The District Council incurred expenditure worth a total of UGX 3,440,738 on repair of vehicles without following proper procedures as indicated in Table 6.

Table 6: Showing the doubtfull Repairs

<table>
<thead>
<tr>
<th>E/Yr. No</th>
<th>Payee</th>
<th>Purpose</th>
<th>Amount (Shs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/05/12</td>
<td>Auto Tune &amp; Engineering Ltd</td>
<td>Service of UG 2875R</td>
<td>2,137,983</td>
</tr>
</tbody>
</table>
Why are there no cards, assessment and inspection reports to support the repairs? How did the Accounting Officer authorize this expenditure without evidence of proper procedures being followed? Which officers were directly responsible? What action has been undertaken to recover the money?

5.2 Primary Leaving Examinations
Performance of UPE Schools in the district in regard to Primary Leaving Examinations revealed that over a 3 year period covering, 2009, 2010 and 2011 only 3% passed in Division 1 while the failures (Grade U and X) were 211 This meant that those who obtained Grades U and X could not proceed to the next level thereby limiting their future career choices as detailed in Table 7

<table>
<thead>
<tr>
<th>Year</th>
<th>DIV 1</th>
<th>DIV 2</th>
<th>DIV 3</th>
<th>DIV 4</th>
<th>DIV U</th>
<th>DIV X</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2</td>
<td>13</td>
<td>402</td>
<td>209</td>
<td>228</td>
<td>191</td>
</tr>
<tr>
<td>2010</td>
<td>5</td>
<td>12</td>
<td>599</td>
<td>285</td>
<td>180</td>
<td>182</td>
</tr>
<tr>
<td>2011</td>
<td>5</td>
<td>22</td>
<td>576</td>
<td>360</td>
<td>185</td>
<td>145</td>
</tr>
</tbody>
</table>

Management explained that a comprehensive study was done in 2009 with the support of the EDF on how to improve the performance of schools and communicated the results to all stakeholders.
The Accounting Officer should explain dismal performance in primary examinations in the district? How have the results of the study helped to improve performance? What are the salient causes and what strategic interventions have been undertaken?

5.3 Poor Drainage and Sanitation Facilities
An inspection carried out in 2012 in the various wards revealed that patient bathrooms were dilapidated, with the entire system virtually broken down. The poor drainage and sanitation facilities are a potential health hazard. To what extent have these facilities been renovated with funds earmarked from World Bank /Government of Uganda?

5.4 Discrepancy in Treasury Releases
In 2013, in the financial statements, government grants received from the treasury amounted to UGX 12,279,513,171 contrary to information obtained from the
Accountant General (UGX 13,558,199,542) leading to unexplained difference of UGX1,278,686,37
The Accounting Officer should explain the variation amounting to UGX1,278,686,37? Where is this money?

5.5 Irregular Hire of a Bulldozer to a Neighboring Country
In 2011, the District hired out the bulldozer to the neighboring country, DR Congo for football pitch leveling and road works in Narambe region. This was under the guise of a request made by the LCIII chairperson of Erussi sub-county who paid for the grader for a day at UGX 2,040,000 indicating that it was for leveling of a football pitch in Erussi S/C –Pangere. Audit inquiry revealed that instead of leveling a football pitch at Pangere as earlier indicated, the grader was taken to the DR Congo for the period of over two weeks from 5th November to 21st November, 2011. The terms and conditions under which it went to the neighboring country and the revenue generated were not disclosed. On return it was discovered that the hydraulic pump had broken.

How has the District held the Chairperson individually responsible and culpable for commandeering the bulldozer to Congo? What investigations have been undertaken to ascertain the revenue gain from using the bulldozer in Congo? What is the status of the bulldozer? What actions has the Accounting Officer undertaken to avoid a repeat of the same anomaly?

5.6 PLE Performance
Analysis of Performance of 101 UPE Schools in the District revealed that over a two (2) year period covering 2009 and 2010. There was a slight improvement in the number of passes in grade one, but were still very low. Pupils who obtained grade U and X were unable to proceed to the next level thereby limiting their future career choices as indicated in Table 8:

<table>
<thead>
<tr>
<th>Yea</th>
<th>Tot</th>
<th>G</th>
<th>%</th>
<th>G</th>
<th>%</th>
<th>G</th>
<th>%</th>
<th>Gr</th>
<th>%</th>
<th>Grade</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>201</td>
<td>3,5</td>
<td>3</td>
<td>1</td>
<td>14</td>
<td>40</td>
<td>94</td>
<td>26</td>
<td>16</td>
<td>323</td>
<td>9</td>
<td>176</td>
</tr>
<tr>
<td>200</td>
<td>3,7</td>
<td>3</td>
<td>0</td>
<td>10</td>
<td>29</td>
<td>11</td>
<td>30</td>
<td>18</td>
<td>590</td>
<td>1</td>
<td>258</td>
</tr>
</tbody>
</table>

The failure rate may be attributed to inadequate teaching staff, limited classrooms and shortage of sanitary facilities. How has the District address issues identified as the main causes of the failure?

5.7 District Stores
The District stores were found to be out of shape and were supposed to be condemned. The structure is very old, with very big cracks that may lead to the collapse of the structure. It was also infested by bats and termites with a leaking roof. The roof (iron sheets) was kept in position by use of heavy stones to stop wind
The electric wiring is very risky with loose and hanging wires that would easily cause a short circuit. How secure is a district stores described by the audit? What has been done to address the problem?

6.0 NEBBI

6.1 Reconciliation of Treasury Releases
The District financial statements disclosed total receipts of UGX 17,537,170,832 whereas MoFPED records reflected total releases amounting to UGX 18,284,566,807 leading to an unexplained difference of UGX 747,395,975. The Accounting Officer should explain the variation amounting to UGX 747,395,975? Where is this money?

6.2 Irregular Purchase of Land
The district purchased land measuring 8 acres at UGX 10,000,000 for the expansion of the prison reception area. The documents (land titles) confirming the ownership of the land by the district was not available for verification. Besides the prison services is not a responsibility of the local governments but Ministry of Internal Affairs. Therefore the circumstances under which the district purchased land for the prison services were not clear. Under what circumstances did the district get involved in spending on matters handled by the Ministry of Internal Affairs? How was the land procured? How did the district budget for this expenditure? What was the motive to prioritize on this activity given limited funds in the district?

6.3 Overstatement of Advances in Cash Flow Statement
In 2012, advances paid in the cash flow statement were reflected as UGX168,285,849 instead of UGX 131,684,831 leading to an overstatement of UGX 36,601,018. The Accounting Officer should explain what cause the overstatement to a tune of UGX 36,601,018. How did the financial statements balance with such an anomaly? How has the anomaly been rectified?

6.4 Overpayment to Officer
In 2012, examination of accounts revealed that the Water officer requested for UGX 5,823,300 to monitor and evaluate the projects under LGMSDP. However, UGX11,646,600 on EFT 2/5/12 was instead paid to him occasioning a double payment. The Accounting Officer should confirm whether the funds were recovered from the Water Officer? What systems have been put place to avoid a repeat of the similar anomalies?

6.5 Irregularities of IFMS in Nebbi District
The district started operating on IFMS at the end of January 2012. The system in place is a simplified version of IFMS using Navision software. However, the following were
noted,
  a) There are twelve (12) accounts assistant who are using the system however only four (4) can ably login to the system and the remaining eight (8) share the password and login rights of the other four
  b) Review of the general ledger report revealed a lot of errors with no running balances for some of the entries. There were wrong postings in the system with some expenses being credited in the general ledger instead of debiting them
  c) Financial statements produced by the system needed adjustments because some figures cannot be explained
  d) Licenses provided by Ministry of Finance Planning and Economic Development are inadequate. The ministry provided for only 7 (seven) users at a time and an 8th user cannot logon
  e) Payment vouchers were not regularly senalized for effective internal control

The Accounting Officer should explain how the anomalies identified in the system have been rectified

6.6 Maintenance of Vote Books
In the FY 2011/2012, all departments did not properly maintain vote books contrary to the regulation. Most vote books were not up to date implying that they do not monitor expenditure before payments are effected. The committee should ascertain whether management properly maintained the vote books in the subsequent years.

6.7 Assets Due for Boarding Off
The audit revealed that assets including motorcycles, motor vehicles and trucks were grounded in the yard without disposing them off. These assets are prone to vandalism and theft. What efforts has the Accounting Officer undertaken to dispose the grounded assets?

6.8 Overstatement of Revenue Reserves
A review of Revenue reserve account in the financial statements revealed that the audited balance brought forward for the reserves was UGX 290,114,686. However, UGX 471,760,755 was captured as a balance brought forward, leading to an overstatement of reserves of UGX 181,646,069. Further, management did not disclose the prior year adjustments in the financial statements as required by accounting standards. How has the Accounting Officer addressed the anomalies attributed to IFMS software? How has the Accounting Officer ruled out fraud as the cause of the anomalies? Have the adjustments been made to the financial statements and communicated to stakeholders?

6.9 Non-disclosure of deposits in accounts
In 2013, UGX 162,570,353 was retained by the Council but did not maintain a deposit
accounts subsidiary ledger nor was a deposit account opened up. Furthermore, the financial statements did not disclose the funds by way of notes to the accounts. Why didn’t the Accounting Officer follow proper accounting procedures for retained funds to a tune of UGX 162,570,353? How were these funds utilized and accounted for?

6.10 Mischarges of Expenditures
In 2013 a review of the accounts classifications of Works and Technical Services, Local Government Management Service Delivery Programme (LGMSDP), Health and Education revealed that a total of UGX 30,086,860 was mischarged on various expenditure codes, contrary to the regulations. Miscoding of expenditure misstates the expenditures incurred in the financial statements. Why did the Accounting Officer mischarge these expenditures to a tune of UGX 30,086,860? The Accounting Officer should confirm if necessary adjustments to financial statements have been made.

7.0 YUMBE

7.1 Diversion of Funds
In 2011, UGX 162,283,586 was diverted from Yumbe District Works Account to finance daily operations of Administration and Education departments without approval. Service delivery was compromised under the affected programme. Why did the Accounting Officer divert UGX 162,283,586 without the necessary approvals? What specific service delivery activities were affected due to the diversion?

7.2 Irregular Purchase of land
In 2011, UGX 15,000,000 was made to an individual as an advance payment for a piece of land for Prisons Department worth UGX 35,000,000 which was not valued, without a title deed, and the transaction was not approved by the Council. Further, the Land was not disclosed in the fixed asset schedule. Why did the Accounting Officer advance UGX 15,000,000 to an individual for Prisons Department? Why was this payment authorized despite the anomalies? Who was the individual? Why was the transaction not approved by Council? Why was the new asset not recorded in the books?

7.3 Violation of Commitment Control System
Yumbe District did not properly maintain the vote books which would otherwise act as a safeguard to avoid overspending. Copies of departmental warrant requisitions and commitment warrants were never processed or maintained and could not be reviewed. How did the Accounting Officer manage a Commitment control systems without a vote books? What was the effect of this lacuna?

7.4 Primary Leaving Examination Performance
An examination of records reviewed in respect to primary leaving examinations revealed that over the last five years period covering the years 2010, 2009, 2008, 2007 and 2006, the failure rate (Grade U) was 13%, 19%, 22%, 14% and 10% respectively. In absolute terms, a total of 1961 over a period of five years have
failed to proceed to the secondary level for further education while 1,023 opted out of the Primary leaving Examination (PLE) as indicated in Table 9.

Table 9: PLE performance in Nebbi DLG for five years

<table>
<thead>
<tr>
<th>Year</th>
<th>Div 1</th>
<th>Div 2</th>
<th>Div 3</th>
<th>Div 4</th>
<th>Div U</th>
<th>Div X</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>2010</td>
<td>27</td>
<td>1</td>
<td>553</td>
<td>167</td>
<td>383</td>
<td>256</td>
<td>271</td>
</tr>
<tr>
<td>2009</td>
<td>15</td>
<td>0</td>
<td>449</td>
<td>91</td>
<td>485</td>
<td>273</td>
<td>284</td>
</tr>
<tr>
<td>2008</td>
<td>2</td>
<td>0</td>
<td>247</td>
<td>44</td>
<td>603</td>
<td>291</td>
<td>387</td>
</tr>
<tr>
<td>2007</td>
<td>7</td>
<td>0</td>
<td>585</td>
<td>151</td>
<td>515</td>
<td>249</td>
<td>344</td>
</tr>
<tr>
<td>2006</td>
<td>22</td>
<td>0</td>
<td>793</td>
<td>184</td>
<td>595</td>
<td>295</td>
<td>400</td>
</tr>
</tbody>
</table>

Pupils who obtained grade U were unable to proceed to the next level thereby limiting their future career choices. Those in grade X opted out of the examinations.

How has the Accounting Officer addressed the problems of inadequate trained teaching staff, over congestion in class rooms and the bad learning/teaching environment in terms of infrastructure that was attributed to poor performance?

7.5 Reconciliation of Treasury Releases to Districts

In 2013 there was a discrepancy between the Actual Grants received by the District of UGX 18,600,481,995 and releases by the Central Government of UGX 18,435,635,474 leading to an unexplained difference of UGX 164,846,521. The Accounting Officer should explain the variation amounting to UGX 164,846,521? Where is this money?

7.6 Internal borrowing UGX 40,000,000

In 2013, though Local Governments Management and Service Delivery Programme (LGMSDP) funds amounting to UGX 40,000,000 diverted to facilitate councilors' tour in Kasese District. Diversion of LGMSDP funds negatively impacts on implementation of the planned activities leading to failure by Government to achieve the intended objectives of the Programme. Why did the Accounting Officer divert the funds to a tune of UGX 40,000,000? Which services were affected? How were these activities financed?

7.7 Contract management

In 2013 all the audited procurement files worth UGX 3,219,116,156, there were neither contract managers nor implementation plans prepared. There was a risk that effective supervision and monitoring was not done leading to poor service delivery and poor quality of supplies. How could the Accounting Officer authorize procurements to a tune of UGX 3,219,116,156 with contract managers and implementations plans? What remedial action has taken?
8.0 Zombo

8.1 Misappropriation of Funds
UGX 4,369,000 was paid to the Office of the Clerk to Council for printing of calendars. However, there were no calendars printed implying that funds was not used for the intended purpose. Similarly the same officer was advanced UGX 9,768,000 to make adverts in the newspapers which were paid for by the GTZ, a German Organization. How did the Accounting Officer irregularly advance UGX 14,137,000 to the Office of the Clerk to Council? Who were the said officer(s)? The Accounting Officer should confirm recovery of funds and if any disciplinary measures were taken against the Officer(s).

8.2 Reconciliation of Treasury to District Releases
The district financial statements reflect UGX 10,020,997,878 whereas MoFPED indicate that a total of UGX 9,774,690,785 was released to the district resulting in an unexplained difference of UGX 246,307,093. The Accounting Officer should explain the variation amounting to UGX 164,846,521? Where is this money?

8.3 Lack of Work Plans for LGMSDP
In 2012, a total of UGX 526,195,413 was availed to LGMSDP programme. However the District did not have a work plan to execute the LGMSDP budget. It was therefore difficult to establish the projects that were funded and executed under the project, and to confirm whether the funds were properly utilized. Why did the Accounting Officer spend UGX 526,195,413 without a work plan? Which activities or projects were these funds spent on?

8.4 Budget Performance on Government Grants and Donations
In 2012 the Central Government and Development Partners released only a sum of UGX 10,574,947,181 to finance its budget of UGX 11,954,352,203 resulting a shortfall of UGX 1,379,405,022 which could not cover the implementation of the planned activities.

How the Accounting Officer did rationalize the Council's budget to deliver services despite the shortfall? Which activities were affected by the budget cut of 1,379,405,022?

8.5 Poor Maintenance of the Vote Books
By the year ended June 2012 Management did not properly maintain the vote books though the departmental warrant requisitions and commitment warrants were not maintained.

When the budget revisions were done the approved estimates with the corresponding warrants were not adjusted to reflect the new budget provisions, contrary to Local Government Finance and Accounting Regulations, 2007 section 46 that requires
maintenance of vote books
This rendered budget control ineffective
Although management explained that due to inadequate staff they were unable to maintain the books
The committee should task management to produce vote books of the subsequent years for verification whether they were maintained since this was queried and advice was drawn five Financial Years back

8.6 Weaknesses in the Implementation of the Output Budget Tool
Review of the Output budgeting tool (OBT) revealed that the work plans were not aligned to budgets. There is a mismatch between the budget figures input in the OBT by the planner and those used by Head of Finance for implementing the activities.
The opening balances were not input in OBT. Therefore when correct figures are not input in OBT it shows under spending in some areas and overspending in others, hence the mismatch.
This led to late submission of progress reports to MoFPED
As a result monitoring of outputs against targets becomes difficult
In submission to the Auditor, management explained that sensitization was done with the support from MoFPED and now there is improvement in OBT operations.
The committee should ascertain whether the OBT was implemented in the subsequent years, specifically this Financial Year.

8.7 Non Maintenance of Revenue Registers
Contrary to the LGFAR 2007 regulation 33 (1) and (2) that requires various forms of revenue, to have revenue register showing details of revenue due, revenue collected and all arrears, including a record of steps taken to collect all arrears, the district does not maintain the prescribed revenue register which renders monitoring of revenue due or arrears very difficult.
The committee should establish whether management setup a revenue register as required by the regulations and as well verify whether management maintains the named register.

8.8 Co-funding of National Agricultural and Advisory Services (NAADS)
Out of the total NAADS funds received of Shs 921,242,000 Shs 46,062,950 was expected to be co-funded but only Shs 35,617,871 was co-funded by the District, lower local governments and the farmers groups leading to a shortfall of Shs 10,445,079
Non-compliance with the requirements of NAADS impairs service delivery and defeats the purpose for which the program was established as sown in Table 10.

Table 10: details of co-funding of NAADS in Zombo

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual funds</th>
<th>Co-funding</th>
<th>Actual Co-funded</th>
<th>Un co-funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>District</td>
<td>261,096,000</td>
<td>13,054,800</td>
<td>3,854,721</td>
<td>9,200,079</td>
</tr>
</tbody>
</table>

49
In response, management explained that the narrow tax base could not allow the district to co-fund the NAADS program as required. The committee should ascertain whether management co-funded the above in the subsequent years as a funding requirement.

8.9 Non-disclosure of deposits in accounts
It was observed that a total of Shs 235,200,399 was retained by the council but deposit accounts were not maintained. Accordingly, these deposits were not disclosed in the financial statements.

The committee should find out whether subsidiary ledgers were maintained interesting itself in the current register as well as find out whether the deposit account is opened.

The management should take concern of supervising Accounting Officer in maintaining deposits subsidiary ledgers to track retentions. The committee should ensure that a deposit account be opened.

8.10 Mischarges of Expenditures
A review of the accounts in the year 2013 revealed that expenditures totaling to Shs 69,471,808 were not charged to the rightful expenditure codes as outlined in the chart of accounts hence the misharge.

The committee should find out whether management properly charged expenditures in the subsequent years.

8.11 Wrong postings to the trial balance
It was noted that some ledger balances differ from those reported in the Trial balance presented. Accordingly, the balances posted to the financial statements were misstated.

The committee should find out whether the District accounts were adjusted and task management to present the ledger for verification.

8.12 Reconciliation of Treasury Releases
In the year 2013, the District financial statements disclosed total releases of Shs 10,120,543,585 whereas information from the Accountant General indicated that total treasury releases amounted to Shs 10,861,941,972.

The committee should find out whether the Accounting officer reconciled with the Accountant general and as well make a follow up on whether such similar mistakes are occurring thus accruing appropriate actions.

8.13 Incorrect Statement of cash flows
In the same year, a review of the cash flow statement revealed that cash and cash equivalents for the year were wrongly computed. The balance brought forward from the previous year was Shs 725,629,585 but instead, Shs 620,651,314 was posted.
Therefore, the figure reported in the cash flow statement for this year of Shs 545,309,581 understated by Shs 180,320,004

The committee should ascertain whether cash flows of the District are rightly computed to cut suspicion of fraud

8.14 Un-credited treasury releases
In the year 2014, a reconciliation of the Cash Release/Treasury Credit Advices slip from MoFPED and the District General Fund Account revealed that UGX 39,511,823 sent to the District was not credited on the District account as shown in Table 11

Table 11: un-credited revenue in Zombo DLG

<table>
<thead>
<tr>
<th>WARRANT NUMBER</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>RW023/13/14</td>
<td>PAF for July 2013</td>
<td>39,211,823</td>
</tr>
<tr>
<td>RW186/13/14</td>
<td>PAF for January 2014</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>39,511,823</strong></td>
</tr>
</tbody>
</table>

The committee should find out whether the mentioned funds were credited

9.0 ARUA MUNICIPALITY

9.1 Budget performance
It was observed that in the year 2011, Shs 5,538,593,597 was budgeted for but only Shs 5,271,186,836 was released by Central Government and donor partners leading to a shortfall of Shs 267,406,761

The committee should task management to explain on its progress in improving communication with the relevant authorities for improved funding

9.2 Budget Shortfall
In the year 2012, it was noted that the Central Government and Development Partners only released a sum of Shs 5,052,937,523 to finance its budget of Shs 5,533,328,379 leading to a funding shortfall of Shs 480,390,856 which affected the implementation of the planned activities. This therefore curtailed the management's efforts to fulfill its mandate of effective service delivery. Furthermore, the budget was not revised accordingly.

The committee should therefore interest itself in finding out whether management revised budget cuts in the subsequent years

9.3 Absence of Deposits Accounts Subsidiary Ledgers
It was observed that council does not maintain deposit account subsidiary ledgers yet the council had contracts from which retention monies totaling Shs 129,881,824 could have been recorded. Such monies are held on expenditure accounts risking their control. These balances were not disclosed in the balance sheet and could not be ascertained
due to the absence of relevant subsidiary ledgers
The committee should find out whether management opened up a deposit accounts and maintains subsidiary ledgers for control

9.4 Staff houses at Arua Primary School
The construction of a 2 storied staff house at Arua primary school was abandoned by a previous contractor under unexplained circumstances
In the financial year 2011/2012 the contract was awarded to a firm at a contract price of Shs 151,255,522 to complete the project. Construction was to commence 01/03/2012 and to run for a period of five months
An inspection (November 2012) revealed that the top floor slab, the walls and the upper rmg beam had not been done, and there was no sign of ongoing works
However Shs 12,277,236 had been paid by 21st May, 2012 as per certificate of works No 01
Failure to complete work on schedule affects effective service delivery and budget performance
The committee should inspect the premises and find out whether the above issues were addressed

9.5 Beautification of the Municipality
A framework contract was awarded on 24th June, 2011 to one Company being a sole bidder for the beautification of the municipality at a contract price of Shs 11,500,000
A review of the procurement file revealed that there was no list of call off orders issued during the period and the file did not have assignment invitation or assignment proposals from the contractor and the PDU The contract was not specific on what constituted beautification
During inspection, it was noted that some flowers had been planted along Pakwach road. The flowers were too few, unprotected from roaming animals and of only one type
Unclear terms in the contract may lead to loss of funds as the terms to either party are not specified
The committee should inspect the area to ascertain whether the flowers beautification took course and as well hold management to explain the later

9.6 Audit Inspection of Olí Health Center
An audit inspection of Olí Health Centre revealed that the health centre was understaffed, had drug stock outs and lacked adequate medicine storage facilities, basic medical equipment and accommodation to its staff. I informed management that inadequate facilities demotivate the health workers and as such, the public does not enjoy adequate health services
Although the Accounting Officer explained that a special budget provision will be made to cater for the inadequate facilities at the only government health centre at the municipality
The committee should ascertain whether management improved the facility
B- FORTPORTAL AUDIT REGION

1.0 BULIISA

1.1 Budget performance.
The funds budgeted for were diverted for other activities by the district and there was also shortfall in the funds that were received from the MOPFED which led to non-implementation of the planned activities as shown in the below

Table 12: Budget Performance

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Funds Budgeted UGX</th>
<th>Funds Received UGX</th>
<th>Shortfall UGX</th>
<th>Excess UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>2,986,963,959</td>
<td>2,658,808,993</td>
<td>328,154,966</td>
<td>-</td>
</tr>
<tr>
<td>2011/12</td>
<td>10,633,621,550</td>
<td>7,125,843,387</td>
<td>3,507,778,163</td>
<td>-</td>
</tr>
<tr>
<td>2012/13</td>
<td>10,610,934,650</td>
<td>7,551,096,653</td>
<td>3,059,837,997</td>
<td>-</td>
</tr>
<tr>
<td>2013/14</td>
<td>2,381,837,857</td>
<td>2,405,178,067</td>
<td>-</td>
<td>23,340,210</td>
</tr>
<tr>
<td>Total</td>
<td>26,613,358,016</td>
<td>19,740,927,100</td>
<td>6,895,771,126</td>
<td>23,340,210</td>
</tr>
</tbody>
</table>

The committee should
1) Interest itself to find out if management developed a strategy as advised by the auditor General
2) Confirm from management if they liaised with ministry of MOPFED concerning the timely release of funds to district
3) Find out from the accounting officer why there was an excess in the expenditure as compared to the budgeted funds

1.2 Reconciliation of Central Government Grants (treasury releases to Districts)

It was noted that the district financial statements indicated that UGX 30,391,282,225 was received from the MOPFED while information from MOPFED revealed that UGX 29,313,965,483 was disbursed resulting in a difference of UGX 1,077,316,742
The committee should interest itself to find out whether the accounting officer did investigate as advised by the Auditor General

1.3 Diversion of Funds
It was observed that a transfers of less conditional funds from the general collection account to the respective accounts leading to a variance of UGX 263, 293,211
Management accepted the anomaly and stated that the practice was perpetuated by the former Head of finance who is now on interdict, this led to non-implementation of some of the planned activities.

The committee should ascertain whether the money was recovered and used to implement the planned activities.

2.0 BUNDIBUGYO

2.1 Budget Performance

It was observed that in the first three financial years there was a shortfall in the funds received from the amount budgeted due to budget cuts by the Ministry of Finance, Planning and Economic Development. As a result, some of the planned activities could not be implemented hence affecting service delivery.

There was also an issue of unauthorised excess expenditure that occurred in year four of UGX 53,831,516 in the department of finance of which the cause is unknown and no evidence was availed for audit verification.

Table 13: Budget Performance

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Budgeted funds (UGX)</th>
<th>Received funds (UGX)</th>
<th>Shortfall (UGX)</th>
<th>Excess (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>14,056,714,215</td>
<td>12,239,080,984</td>
<td>1,817,633,231</td>
<td>-</td>
</tr>
<tr>
<td>2011/12</td>
<td>20,231,633,000</td>
<td>14,497,132,077</td>
<td>5,734,500,923</td>
<td>-</td>
</tr>
<tr>
<td>2012/13</td>
<td>19,384,623,000</td>
<td>15,262,215,658</td>
<td>4,122,407,342</td>
<td>-</td>
</tr>
<tr>
<td>2013/14</td>
<td>167,747,000</td>
<td>221,578,516</td>
<td>-</td>
<td>53,831,516</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53,840,717,215</strong></td>
<td><strong>42,220,007,235</strong></td>
<td><strong>11674,541,496</strong></td>
<td><strong>53,831,516</strong></td>
</tr>
</tbody>
</table>

The committee should

1) Find out if management liaised with the Ministry of Finance and the donors for timely release of funds and if they conducted a proper revision of the budget to accommodate the variance.

2) Confirm from the accounting officer if they developed a strategy as advised by the Auditor general in order to ensure that implementation of projects is made in a timely manner.

3) Confirm from the Accounting Officer whether the necessary authority was obtained.

2.2 Risk Management

It was noted that there was no established framework for risk management and effective systems of internal control contrary to the regulations.
Management admitted the shortcoming and promised that consultations will be made with the concerned Ministries, Departments and agencies to establish risk management procedures.

The committee should ascertain from the management if the risk management procedures have been established accordingly.

2.3 Bank Reconciliations.

It was noted that the Head of Finance did not certify the bank reconciliation statements as required by the regulations and this implies a risk of errors, omissions and fraudulent transactions remaining undetected with respect to cash at bank.

The committee should:
1) Find out from Accounting officer why such shortcomings occur
2) Confirm from management if the matter was addressed as promised

2.4 Rural Water

It was noted that the District spent UGX 321,667,526 on construction of springs shallow wells and Gravitation Flow schemes structures and latrines.

Physical inspections of Kahuka gravity flow scheme revealed that out of the six (6) water points rehabililated during the period, only two (2) were in operation while the 4 had broken down.

However, those that were functioning were still in poor condition.

The committee should find out:
1) From the accounting officer whether the defects were identified and verified
2) If the water gravity flow system was also rehabilitated

2.5 Reconciliation of Treasury Releases.

It was noted that the Accountant Generals office indicated that the Treasury released UGX 14,021,875,898 as total government grants to the district during the year against UGX 13,357,131,958 which was recorded by the district in the financial statements. The difference of UGX 664,743,940 was not explained.

The committee should ascertain whether the Accounting Officer liaised with the Accountant Generals Office to reconcile the differences in the release figures.

3.0 HOIMA DISTRICT

3.1 Budget performance

It was observed that there was a shortfall between the funds budgeted for and the funds received and this was due to the general budget cuts by the Central Government. This affects the implementation of the planned activities.

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budgeted funds</th>
<th>Received funds</th>
<th>Shortfall</th>
</tr>
</thead>
</table>

55
The committee should find out if the accounting officer liaised with the Ministry of Finance, Planning and Economic Development for timely release of funds.

### Reconciliation of Treasury Releases

The Accountant General’s office indicated that the Treasury released UGX 15,425,999,513 as total government grants to the district during the year against (2012/13) UGX 16,048,428,343 recorded by the district in the financial statements, leading to an unexplained difference of UGX 622,428,830. The committee should find out if the Accounting Officer liaised with the Accountant Generals Office to reconcile the difference in these figures.

### KABAROLE

#### Unauthorized Excess Expenditure

Funds were spent in excess of budget estimates in several departments as detailed below with no evidence that revision of the budget was approved by council. This excess expenditure suffocates activities on other budget programs.

### Table 15. Budget Performance

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Budgeted funds (UGX)</th>
<th>Received funds (UGX)</th>
<th>Excess (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>3,196,131,767</td>
<td>3,452,382,820</td>
<td>256,251,053</td>
</tr>
<tr>
<td>2011/12</td>
<td>-</td>
<td>-</td>
<td>247,305,241</td>
</tr>
<tr>
<td>2012/13</td>
<td>2,780,005,000</td>
<td>3,510,959,802</td>
<td>730,954,802</td>
</tr>
<tr>
<td>Total</td>
<td>5,976,136,767</td>
<td>6,963,342,622</td>
<td>1,234,511,096</td>
</tr>
</tbody>
</table>

*Note* The financial year 2011/12 the Audit General did not indicate the budgeted and received funds in order to arrive to the excess.
The committee should confirm from management if authority was sought over excess expenditure.

4.2 Nugatory Expenditure.
It was observed that UGX 404,044,854 and UGX 122,463,549 in year 2010/11 and year 2011/12 respectively was paid as legal fees, general damages, suit costs and interest arising from court cases the district lost to its former five employees for wrong dismissal. This expenditure would have been avoided if legal advice had been sought from the Solicitor General. This implies that service delivery was affected. The committee should ascertain whether advice was sought from the Solicitor General concerning the matter.

4.3 Risk Management
There was no established framework for risk management and effective systems of internal control contrary to the regulations. Management admitted the shortcoming and promised that consultations will be made with the concerned offices to enable an in-house risk management strategy to be established. The committee should confirm from the accounting officer if the strategy was established.

4.4 Budget performance
It was noted that out of the budgeted funds, there was a shortfall as indicated in the table below. This implied that some of the planned activities could not be implemented, due to budget cuts by the Central Government especially in the third and fourth quarters of the financial year over which the district had no control.

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budgeted funds UGX</th>
<th>Received funds UGX</th>
<th>Shortfall UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>1,104,372,265</td>
<td>721,246,345</td>
<td>383,125,920</td>
</tr>
<tr>
<td>2011/12</td>
<td>23,973,975,570</td>
<td>22,667,597,699</td>
<td>1,306,377,871</td>
</tr>
<tr>
<td>Total</td>
<td>25,078,347,835</td>
<td>23,388,844,044</td>
<td>1,689,503,791</td>
</tr>
</tbody>
</table>

The committee should find out
1) If management liaised with the Ministry of Finance, Planning and Economic Development for timely release of funds
2) If management conducted proper revision of the budget to accommodate the variance

4.5 Reconciliation of Treasury Releases
It was noted that the records in the Accountant Generals office indicated that the Treasury released UGX 21,894,329,650 as total government grants but the district received UGX 23,824,419,026 during the year. The difference of UGX 1,930,089,376 was not explained.
The committee should confirm from the accounting officer if the reconciliations were done.

5.0 KAMWENGE

5.1 Nugatory Expenditure UGX 31,080,000
UGX 31,080,000 was incurred to procure and transport plastic pipes from Kampala to district Headquarters at the time when the funding agency, Maizi Marungi Project was winding up. By the time of audit in year 2010/11 the health center still lacked water supply and the pipes were lying idle in the community hall with no immediate hope of being put to use. The entire expenditure is considered wasteful. The committee should find out whether the entire project was prioritized to completion as advised by the Auditor General.

5.2 The Luwero-Rwenzori Development Program
It operated on the premise of identification of borrowers by their registered Savings and Cooperative Credit Organizations (SACCOs) and involved purchases of development enterprises in cash by the borrowers themselves, recovery of 50% of loans at 13% per year from borrowers in two years and a requirement to make quarterly accountability of SACCO’s operations to the district. The district received UGX 77,000,000 of which UGX 70,000,000 was the grant amount for the financial year 2010/2011.

Examination of reports from the district commercial officer in three sub counties of Kamwenge, Nyabani and Kanara revealed that -

- There was implementation of project proposals but the objectives were not followed
- Borrowers diverted money to other purchases other than those specified in the proposal
- Borrowers were confusing the program with National Agriculture and Advisory Services (NAADS), so they refused to repay
- There was no appropriate sensitization, SACCO’s and sub-county staff have been facilitated to enforce recovery and monitoring of beneficiaries

The committee should find out whether management made recoveries and a report should be availed.

5.3 Reconciliation of Treasury Releases
According to the table below, it was noted that there was a difference between the Accountant General’s office Treasury released and the one received by the district in those years respectively.

Table 17: Budget Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>MOFFED FUND</th>
<th>DISTRICT FUND</th>
<th>SHORTFALL</th>
</tr>
</thead>
</table>

58
<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Budgeted (UGX)</th>
<th>Amount Released (UGX)</th>
<th>Total Released (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>13,860,098,848</td>
<td>14,624,177,349</td>
<td>764,078,501</td>
</tr>
<tr>
<td>2012/13</td>
<td>15,143,383,534</td>
<td>15,592,150,318</td>
<td>448,766,784</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,003,482,382</strong></td>
<td><strong>30,216,327,667</strong></td>
<td><strong>1,212,845,285</strong></td>
</tr>
</tbody>
</table>

The committee should confirm from the accounting officer if the reconciliation was done as advised.

**5.4 Budget Performance**

Amount UGX 15, 878,023,664 was budgeted for but only UGX 13, 240,223,082 was released by the central Government leading to a shortfall of 2,637,800 582. This was caused by budget cuts from the Central Government hence poor service delivery.

The committee should ascertain whether the management developed a strategy to ensure implementation of project in that financial year.

**6.0 KASESE**

**6.1 Luwero – Ruwenzori Development Programme**

The prime minister’s office released payments to the beneficiaries which revealed the following anomalies,

- UGX 10,000,000 was paid to Mukunyu Sacco to be given to borrowers under the micro-finance system. The Sacco did not have a memorandum of understanding with the district contrary to the guidelines.
- UGX 20,000,000 was released by the Prime Minister’s office to benefit Bukonzo East Women Associations through the chairperson. It was noted that these associations had not been recommended by the sub county authorities neither did not sign a memorandum of understanding with the district.

The committee should find out from the management why the Memorandum of Understandings was not signed.

**6.2 Budget Performance**

It was observed that there was a shortfall of UGX 5,436,000,400 between the funds budgeted for UGX 34,082,520,126 and the funds received UGX 28,646,519,726 and this was due to the general budget cuts by the Central Government. This affects the implementation of the planned activities.

The committee should ascertain whether the accounting officer liaised with the Ministry of Finance, Planning and Economic Development for timely release of funds.

And also if he conducted proper revision of the budget to accommodate the variance.
6.3. Reconciliation of Central Government Grants (treasury releases to Districts)
According to the table below, it was noted that there was a difference between the Accountant General’s office Treasury released and the one received by the district in those years respectively.

Table 18: Budget Performance.

<table>
<thead>
<tr>
<th>Year</th>
<th>MOFPED Fund</th>
<th>District fund</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>30,391,282,225</td>
<td>29,313,965,483</td>
<td>1,077,316,742</td>
</tr>
<tr>
<td>2012/13</td>
<td>35,905,265,941</td>
<td>32,409,112,491</td>
<td>3,496,153,450</td>
</tr>
<tr>
<td>Total</td>
<td>66,296,548,166</td>
<td>61,723,077,974</td>
<td>4,573,470,192</td>
</tr>
</tbody>
</table>

The committee should confirm from the accounting officer if the reconciliations were done

7.0 KIBAALE

7.1 Budget Performance

It was noted that out of the budgeted funds, there was a shortfall. The underfunding was due to the under releases from the Central Government and donors for which the district had no control.

Table 19: Budget Performance.

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds budgeted</th>
<th>Funds received</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>22,623,963,399</td>
<td>21,783,832,777</td>
<td>840,131,222</td>
</tr>
<tr>
<td>2011/12</td>
<td>26,219,388,447</td>
<td>23,452,740,763</td>
<td>2,766,647,684</td>
</tr>
<tr>
<td>2012/13</td>
<td>30,503,753,246</td>
<td>27,889,871,938</td>
<td>2,613,881,308</td>
</tr>
<tr>
<td>Total</td>
<td>79,347,105,692</td>
<td>73,126,445,478</td>
<td>6,220,660,214</td>
</tr>
</tbody>
</table>

The committee should find out whether management liaised with key stakeholders during budgeting to ensure that the entire budgeted funds are released

7.2 Inspection of water sources.

It was noted that the village water committees were not active as the water sources visited had water channels blocked.

The committee should interest itself to find out from management what the cause of water blockage was.

The management should confirm if the issue was rectified.
7.3 Risk Management
There was no established framework for risk management and effective systems of internal control contrary to the regulations. The committee should find out whether consultations were made with the concerned offices to establish risk management procedures.

7.4. Vehicle Loan Recovery Rate
Review of the loan recoveries ledger revealed that a total of UGX 89,534,094 remained unrecovered by the time of audit. The recovery of the loan monies was complicated by the violation of the terms and conditions of the scheme which required beneficiaries to surrender the vehicle registration cards to the employer (Kibaala District) for custody until the loan was fully repaid. The cards were apparently not availed for audit verification. Management explained that new Standing Orders have been signed with the banks and the recovery rate was likely to improve.

The committee should find out if management recovered the loan monies.

8.0 KIRYANDONGO

8.1 Reversal of Interest Earned on District Accounts
It was noted that interest amounting to UGX 4,285,000 was accrued on 3 District accounts of works and technical services, general fund account and education account; however, it was reversed by the bank without clear explanation. Management responded that several communications had been made to the bank but nothing has been done to correct the anomaly. The committee should find out from management whether the money was recovered.

8.2 Budget Management
It was observed that there was a shortfall between the budgeted funds and the funds received. Management explained that the shortfall was due to the general budget cuts from the Central Government and donors over which the district had no control. This implied that some of the planned activities were not implemented.

Table 20. Budget Performance.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Funds budgeted</th>
<th>Funds received</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>14,182,314,581</td>
<td>11,842,747,969</td>
<td>2,339,566,612</td>
</tr>
<tr>
<td>2012/13</td>
<td>13,985,822,627</td>
<td>12,643,934,927</td>
<td>1,342,427,900</td>
</tr>
<tr>
<td>Total</td>
<td>28,168,137,408</td>
<td>24,486,142,896</td>
<td>3,681,994,512</td>
</tr>
</tbody>
</table>
The committee should find out whether the Accounting Officer liaised with the Ministry of Finance, Planning and Economic Development and other stakeholders for timely release of funds.

8.3 Reconciliation of Treasury Releases
It was noted that Accountant Generals office released UGX 11,258,236,533 as total government grants to the district against UGX 12,043,292,807 which was reported by the district in the financial statements leading to a difference of UGX 785,056,274 which was not explained.

The committee should find out whether the accounting officer liaised with the Accountant Generals Office to reconcile the differences.

8.4 Unbalanced Budget
It was observed that the Budgeted expenditure of UGX 14,638,350,040 exceeded the budgeted revenue of UGX 14,182,314,581 by UGX 456,035,459.

The committee should ask the Accounting Officer to explain under what circumstance this condition happened.

90 KYEGEGWA

9.1 Budget Management
It was observed that there was a shortfall of UGX 2,339,566,612 between the budgeted funds worth UGX 14,182,314,581 and the funds received UGX 11,842,747,969.

Management explained that the shortfall was due to the general budget cuts from the Central Government and donors over which the district had no control. This implied that some of the planned activities were not implemented.

The committee should find out whether the Accounting Officer liaised with MOFPED for such anomalies.

9.2 Reconciliation of Treasury Releases
It was noted that the Accountant Generals office indicated that the Treasury released UGX 7,519,343,577 as total government grants to the district during the year, of which this was different from UGX 8,350,151,390 that was reported by the district in the financial statements. The difference of UGX 830,807,813 was not explained.

The committee should find out from the accounting officer whether he liaised with the Accountant Generals Office to reconcile the differences in the releases.

10.0 KYENJOJO
10.1 Nugatory Expenditure
It was noted that the district has a number of legal cases (16 cases revealed so far) and also had incurred wasteful expenditure of UGX 55,191,000 as legal expenses and was likely to incur more as judgment of the cases was still pending in courts of law of which all the reviewed cases were lost. In addition, the expenditure has not properly been disclosed in the financial statements. Management responded that they cannot do much about the cases but hope to settle out of court. The committee should find
1) If the solicitor General for the District was contacted about the matter
2) If management made the Officials to be liable for their actions

10.2 Budget Management
It was observed that there was a shortfall between the budgeted funds and the funds received. Management explained that the shortfall was due to the general budget cuts from the Central Government and donors over which the district had no control. This implied that some of the planned activities were not implemented.

Table 21 Budget Performance.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Funds budgeted</th>
<th>Funds received</th>
<th>SHORTFALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>14,614,697,675</td>
<td>13,525,110,848</td>
<td>1,089,586,827</td>
</tr>
<tr>
<td>2011/12</td>
<td>19,562,561,975</td>
<td>16,039,706,964</td>
<td>3,522,855,011</td>
</tr>
<tr>
<td>Total</td>
<td>34,177,259,650</td>
<td>29,564,817,812</td>
<td>4,622,441,838</td>
</tr>
</tbody>
</table>

The committee should find out whether the Accounting Officer liaised with MOFPED for such anomalies.

10.3 Reconciliation of Central Government Grants (treasury releases to Districts)
It was noted that the district financial statements indicated that UGX 14,619,201,555 was received from the MOFPED, while information from MOFPED revealed that UGX 13,646,826,265 was disbursed resulting in a difference of UGX 972,375,290. The committee should find out from the accounting officer whether the matter was investigated.

10.4 Doubtful payments
It was noted that a sum of UGX 143,857,974 was paid to creditors allegedly carried forward from the previous financial year 2012/2013. The purported creditors were also not declared in the financial statements for the year 2012/2013 leading to further doubt the Genuineness of the transaction. This implies that there could be a case of fraud.
The committee should find out why the payments to the creditors were carried forward to next financial year.

10.5 Mischarge of Expenditure
It was noted that payments totaling to UGX 83,801,425 were posted to wrong expenditure codes contrary to the manual. The committee should find out from the accounting officer:
1) Whether that expenditure is correctly charged as guided by the Chart of Accounts
2) Why the money was wrongly posted to that expenditure account

11.0 MASINDI

11.1 Attachment of Government Assets
It was revealed that several court cases were brought against Masindi district local government, but the district had no representation and lost two vehicles in an effort to settle an amount of UGX 45,906,554. In addition, the loss was not reported in the statement of loss. Public Asset Management responded that due to low revenue collections, they could not settle the obligations of court bailiffs attached the vehicles. The committee should find out from the accounting officer:
1) Whether he sought advice from the solicitor General concerning the matter
2) The origin of this condition

11.2 Budget Performance
It was noted that there was a shortfall between the budgeted funds and the funds received. Management explained that the shortfall was due to the general budget cuts from the Central Government and donors over which the district had no control. This implied that some of the planned activities could not be implemented.

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds budgeted</th>
<th>Funds received</th>
<th>SHORTFALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>13,024,578,854</td>
<td>11,468,709,507</td>
<td>1,555,869,347</td>
</tr>
<tr>
<td>2011/12</td>
<td>16,106,827,000</td>
<td>14,914,377,588</td>
<td>1,192,449,412</td>
</tr>
<tr>
<td>2012/2013</td>
<td>20,440,326,904</td>
<td>15,624,496,955</td>
<td>4,815,827,949</td>
</tr>
<tr>
<td>Total</td>
<td>49,571,732,758</td>
<td>42,007,586,050</td>
<td>7,564,146,708</td>
</tr>
</tbody>
</table>

The committee should find out whether the Accounting Officer liaised with MOFPED for such anomalies. The committee should ascertain whether the accounting officer developed a strategy.
11.3 Reconciliation of Treasury Releases

It was noted that the Treasury released UGX 11,357,265,606 as total government grants to the district during the year. However, this was at variance with the UGX 14,633,914,093 that was reported by the district in the financial statements leading to a difference of UGX 3,276,648,487 which was not explained.

The committee should find out whether the Accounting Officer liaised with Accountant Generals Office for reconciliation.

12.0 NTOROKO

12.1 Budget performance

It was observed that there was a shortfall between the funds budgeted for and the funds received and this was due to the general budget cuts by the Central Government. This affects the implementation of the planned activities.

Table 23. Budget Performance.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Funds budgeted</th>
<th>Funds received</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>1,374,575,704</td>
<td>486,861,974</td>
<td>887713730</td>
</tr>
<tr>
<td>2011/12</td>
<td>8,484,413,000</td>
<td>6,856,348,353</td>
<td>1,628,064,647</td>
</tr>
<tr>
<td>Total</td>
<td>9,858,988,704</td>
<td>7,343,210,327</td>
<td>2,515,778,377</td>
</tr>
</tbody>
</table>

The committee should find out whether the Accounting Officer liaised with MOFPED for such anomalies.

12.2 Risk Management

It was noted that there was no established framework for risk management and effective system of internal control contrary to the regulations. Management admitted the shortcoming and stated that consultations will be made with the concerned Ministries and Agencies in order to establish risk management procedures.

The committee should ascertain from Management whether the risk management procedures were established.

12.3 Reconciliation of Treasury Releases

It was noted that the district received UGX 5,987,356,812 from the Treasury. However, records in the Accountant Generals Office indicated that the Treasury released UGX
5,231,512,555 as total government grants to the district during the year. The difference of UGX 755,844,257 was not explained.
The committee should find out whether the Accounting Officer liaised with Accountant Generals Office for reconciliation.

12.4 Unused Newly Constructed Market Shelter with a Loading Ramp in Buntugama
It was noted that the market shelter was abandoned, by the market vendors who instead preferred erecting temporary shelters across the road where their transactions take place.
Council stands to lose potential local revenue that would accrue from market dues, and thus, the shelter seems not to have been necessary.
The committee should find out:
1) Why was the market abandoned in first place?
2) Was the community engaged on the benefits of the market?

13.0 FORTPORTAL MUNICIPALITY

13.1 Budget performance
It was noted that out of the budgeted funds, there was a shortfall as indicated in the table below. This implied that some of the planned activities could not be implemented, due to budget cuts by the Central Government.

Table 24: Budget Performance

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budgeted funds</th>
<th>Received funds</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>646,821,350</td>
<td>283,646,580</td>
<td>363,174,770</td>
</tr>
<tr>
<td>2011/12</td>
<td>6,335,648.113</td>
<td>2,180,735,652</td>
<td>4,154,912,461</td>
</tr>
<tr>
<td>2012/13</td>
<td>3,681,605,837</td>
<td>3,247,575,800</td>
<td>434,030,037</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,664,075,300</strong></td>
<td><strong>5,711,958,032</strong></td>
<td><strong>4,952,117,268</strong></td>
</tr>
</tbody>
</table>

The committee should find out if management liaised with the Ministry of Finance, Planning and Economic Development for timely release of funds in order to fulfill its mission of service delivery to the local community.

13.2 Irregular Land Compensation
It was observed that a sum of UGX34,000,000 was paid to individuals in respect of compensation for land the council destroyed in the course of road construction. Failure to get an independent value’s report renders the transaction irregular yet the money was paid.
Management should always seek an independent value’s services before such transactions are carried out.
The committee should find out from the management under what circumstance did this happen and with evidence of the value’s report.
13.3 Illegal Sale of Buhinga Primary School Land

It was noted that Plots 19, 21 and 23 on Mugurusi road in Fort portal belonging to Buhinga Primary school were illegally sold by Ministry of Finance and Economic Development to a private developer under the mistaken presumption that they belonged to the Departed Asian Custodian Board. An appeal against the sale was made and the president directed that the sale be revoked.

The committee should find out from the accounting officer if the sale of the land was revoked.

13.4 Risk Management

It was noted that the Municipality did not have an established framework for risk management and effective systems of internal control contrary to the regulations. Management admitted the shortcoming and promised that consultations will be made with the concerned Ministries and Agencies to establish risk management procedures.

The committee should confirm if the above was put in place.

13.5 Reconciliation of Treasury Releases

It was noted that the Treasury released UGX 4,881,759,278, an amount of UGX 2,088,486,788 was reported by the Municipality in the financial statements resulting in a difference of UGX 2,793,272,490. The Accounting Officer attributed the discrepancy to direct releases to beneficiaries which do not go through the Municipality general fund account.

The committee should confirm from the Accounting Officer whether he liaised with the Accountant Generals Office to reconcile the differences in the release figures.

14.0 HOIMA MUNICIPALITY

14.1 Budget performance

It was observed that there was a shortfall between the funds budgeted for and the funds received and this was due to the general budget cuts by the Central Government. This affects the implementation of the planned activities.

Table 25 Budget Performance.

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budgeted funds UGX</th>
<th>Received funds UGX</th>
<th>Shortfall UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>6,436,926,099</td>
<td>4,096,799,637</td>
<td>2,340,126,462</td>
</tr>
<tr>
<td>2012/13</td>
<td>20,440,326,904</td>
<td>15,624,498,955</td>
<td>4,815,827,949</td>
</tr>
<tr>
<td></td>
<td>26,877,253,003</td>
<td>19,721,298,592</td>
<td>7,155,954,411</td>
</tr>
</tbody>
</table>

67
The committee should ascertain whether the accounting officer liaised with the Ministry of Finance, Planning and Economic Development for timely release of funds and also if conducted proper revision of the budget to accommodate the variance.

14.2 Diversion of Funds
It was observed that UGX 19,505,000 was diverted from the several accounts to execute various activities. Documentation for the re-allocation and minutes for the meeting that approved the re-allocation, were not availed including supplementary budgets were not drawn to take account of the re-allocations and Virements made. Diversion of funds affects implementation of activities planned under the effected program.

The committee should find out why management had to re-allocate that particular amount of money.

14.3 Unauthorized Excess Expenditure
It was observed that expenditure totaling UGX 86,342,752 was incurred without the necessary Council approval. Management admitted the shortcoming and promised to adhere to the regulations.

The accounting officer should explain under what circumstances this condition happened without cause.

14.4 Reconciliation of Treasury Releases
The Accountant Generals office indicated that the Treasury released UGX 4,787,428,773 as total government grants to the Municipality during the year (2012/13). However, this was at variance with the UGX 5,276,679,100 that is reported by the Municipality in the financial statements making a difference of UGX 489,250,327 which was not explained.

The committee should find out from the accounting officer whether he liaised with the Accountant Generals Office for reconciliation as advised.

14.5 Cash Payments. UGX 134,901,356
Amount worth UGX 134,901,356 was paid to the Municipal officials for payment of materials and road gang workers in cash contrary to the existing regulations. Payment of suppliers by Electronic Funds Transfers (EFT) was difficult due to rampant break down of the IFMS coupled with inadequate skills of the staff to operate in an IFMS environment hence there is a risk of abuse and misuse of cash.

The committee should find out if the Accounting Officer liaised with the Ministry of Finance, Planning and Economic Development to address the challenges affecting the Integrated Financial Management System.

14.6 Lack of Memorandum of Understanding
It was discovered that UGX 235,773,720 was spent under the USMID capacity building account No 0145055132000 with Crane bank in the year 2013/14. Whereas management gave assurance that a Memorandum of Understanding for the project...
would be availed for audit verification, this was not done Therefore there was no confirmation that the funds were utilized for the intended purposes The committee should ask the accounting officer to present the Memorandum of Understanding for the project

15.0 KASESE MUNICIPALITY

15.1 Budget performance
It was observed that there was a shortfall between the funds budgeted for and the funds received and this was due to the general budget cuts by the Central Government. This affects the implementation of the planned activities

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budgeted funds UGX</th>
<th>Received funds UGX</th>
<th>Shortfall UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>6,283,975,981</td>
<td>5,694,339,018</td>
<td>589,636,963</td>
</tr>
<tr>
<td>2011/12</td>
<td>8,000,485,000</td>
<td>7,657,344,591</td>
<td>343,140,409</td>
</tr>
<tr>
<td>2012/13</td>
<td>8,860,453,000</td>
<td>7,960,926,946</td>
<td>899,526,054</td>
</tr>
<tr>
<td>Total</td>
<td>23,144,913,981</td>
<td>21,312,610,555</td>
<td>1,832,303,426</td>
</tr>
</tbody>
</table>

The committee should confirm
1) Whether the accounting officer liaised with the Ministry of Finance, Planning and Economic Development for timely release of funds
2) If accounting officer has also explored ways of raising more local revenue

15.2 Nugatory expenditure
Council lost a case involving a wrangle of lock up that was sold to a buyer under pretentious circumstances by the driver of the district and parted with a court settlement of UGX 7,365,640. The entity suffered this loss due to lack of integrity and financial propriety of its key management personnel.
The committee should find out whether the investigation was done and if the responsible persons were found, was action taken?

15.3 Reconciliation of Treasury Releases
The Accountant Generals office indicated that the Treasury released UGX 6,101,250,263 as total government grants to the Municipality during the year. However, this was at variance with the UGX 6,691,794,944 that is reported by the Municipality in the financial statements. The difference of UGX 590,544,681 was not explained.
The committee should find out from the accounting officer whether he liaised with the Accountant Generals Office for reconciliation as advised.
16.0 MASINDI MUNICIPALITY

16.1 Budget Performance
It was noted that there was a shortfall between the funds budgeted for and the funds received and this was due to the general budget cuts by the Central Government. This affects the implementation of the planned activities.

Table 27: Budget Performance.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Funds budgeted</th>
<th>Funds received</th>
<th>SHORTFALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>5,148,497,926</td>
<td>4,695,212,930</td>
<td>453,284,996</td>
</tr>
<tr>
<td>2011/12</td>
<td>5,158,621,338</td>
<td>5,005,041,404</td>
<td>153,579,934</td>
</tr>
<tr>
<td>Total</td>
<td>10,307,119,264</td>
<td>9,700,254,334</td>
<td>606,864,930</td>
</tr>
</tbody>
</table>

The committee should find out whether the Accounting Officer liaised with MOFPED for such anomalies.

16.2 Reconciliation of Treasury Releases

It was noted that the Accountant Generals office indicated a Treasury release UGX 5,198,638,704 as total government grants to the Municipality during the year but instead UGX 5,481,251,562 was reported in the financial statements as received thus a difference of UGX 282,612,858 was not explained. The committee should find out whether the accounting officer liaised with the Accountant Generals Office for reconciliation.
C – GULU AUDIT REGION

This section of the report presents extracted queries for Arua Audit Region covering eight districts and one municipality. The entities audited include the districts of Adjumani, Arua Koboko, Maracha, Moyo, Nebbi, Yumbe and Zombo. In addition, Arua Municipality was audited. The extracted audit queries are presented as follows.

1. AGAGO DISTRICT LOCAL GOVERNMENT
1.1. Reconciliation of Central Government Grants
It was noted that in the two financial years there was discrepancy of actual grants received by the local governments from the Ministry of Finance, Planning and Economic Development (See table below)
Table 28: Showing Reconciliation of Central Government Grants

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGAGO</td>
<td>2011/12</td>
<td>13,732,899,409</td>
<td>16,057,825,495</td>
<td>2,324,926,086</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2012/13</td>
<td>15,154,308,424</td>
<td>16,964,798,483</td>
<td>1,810,490,059</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,888,7207,833</td>
<td>33,022,623,978</td>
<td>4,135,416,145</td>
<td></td>
</tr>
</tbody>
</table>

This un-reconciled government releases position makes the funds doubtful.
The Committee should:
1) Find out if the Accounting Officer liaised with MoFPED to reconcile the figures in question. And if so?
2) Let management provide evidence in form of a certificate of reconciliation from the ministry or Acknowledgment Receipts.

1.2. Budget Performance
3.1.2.1 Funding Gaps
A review of the approved budget estimates for the year, approved work plans revealed that out of the approved budget of UGX 4,674,641,964, funds amounting to UGX 4,223,266,219 were received, creating a funding deficit of UGX 451,575,745 which is against Regulation 18(30) of the Local Government Financial and Accounting regulations 2007, that requires budget estimates to be based on objectives to be achieved for the
financial year and during implementation, effort to be made to achieve the agreed objectives or targets as per the programmes of Council

Funding gaps affect service delivery

The committee should

1) Find out from the management the cause of underperformance
2) Find out from the management whether they liaised with MoFPED to solve the issue of underfunding

3.1.3: Irregular Expenditure

It was observed that management spent UGX 6, 707,200 without the prior approval of council in the district annual budget contrary to paragraph 3.2.2 of Local Government Financial and Accounting Manual (LGFAM), 2007 stipulates that no appropriation of funds by a local government is done unless approved in a budget by its council. The Committee should task management to explain why they do not comply with the regulations when expenditures are undertaken

1.4: Incomplete Financial Statements

It was observed that management did not adhere to the presentation and disclosure requirements as prescribed in the LGFAM 2007. It is also noted that there was apparent neglect of duty by the head of finance contrary to regulation 11(1) (b) (k) and (r) of the LGFARs 2007. (See table below) The forms below were not followed in the preparation

Table 29 Showing Incomplete Financial Statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trial Balance</td>
<td>FR 34</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>FR 39</td>
</tr>
<tr>
<td>Other statements, schedules and notes</td>
<td>FR 44 to FR 53</td>
</tr>
</tbody>
</table>

Understandability and comparability of performance and financial position are rendered difficult

The committee should find out why the statements, schedules and Notes are not prepared in the manner prescribed by the LGFAM 2007

2 ALEBTONG DISTRICT LOCAL GOVERNMENT

2.1: Budget performance

It was noted that the budgeted revenue was UGX 18,439,108,607. However, actual revenue amounted to UGX 11,855,710,201 (72%) leading to a shortfall of UGX 4,583,398,406 (28%). The shortfall was attributed to budget cuts by both Central Government and donors. The Accounting Officer explained that the district has explored other funding sources especially sale of district plots, and ground rent from telephone companies operating in the district.
The committee should find out from management under what circumstances do they sell district plots to supplement other activities

2.3: Excess expenditure on Programmes, UGX 190,234,957

The audit noted an excess expenditure of UGX 190,234,957 on planning and statutory programmes which lacked relevant authority such excess expenditure require prior approval of the executive committee

The committee should
1) Find out from the Accounting officer why the budgetary regulations were not followed
2) Find out what has been done to avoid this issue to happen again and to also comply with the regulations

2.4. Reconciliation of Central Government Grants

It was also noted that there was discrepancy between actual grants received by the local government and releases from the (MoFPED) The District financial statements disclosed releases of UGX 11,312,550,712 whereas MoFPED shows a total of UGX 10,955,690,621 as having been released to the district leading to unexplained difference of UGX 356,860,091

The committee should ask the Accounting officer to explain the cause for the variance and also management to provide a certificate of reconciliation

3 3 AMOLATAR DISTRICT LOCAL GOVERNMENT

3.1: Reconciliation of Central Government Grants (Treasury Releases)

It was observed that in the two financial years a discrepancy of actual grants indicated as received by the local governments from the MoFPED and the actual amounts disbursed by MoFPED to the District local Governments (See table below)

Table 30: Showing Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>13,022,357,832</td>
<td>8,698,174,148</td>
<td>11,248,412,927</td>
<td>2,550,238,779</td>
</tr>
<tr>
<td>2012/13</td>
<td>9,687,959,009</td>
<td>8,727,843,161</td>
<td>960,115,938</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,271,0316,841</td>
<td>19,976,256,088</td>
<td>3,510,354,717</td>
<td></td>
</tr>
</tbody>
</table>

The committee should
1) Task the Accounting officer to explain the cause for the variance
2) Ascertain whether the variance was reconciled and if so a certificate of reconciliation should be provided
3.2: Doubtful Repair of Motor Vehicle
It was noted that Toyota Hilux valued at about UGX 100,000,000, donated by UNICEF for maternal and child Health was repaired at a garage at a cost of UGX 17,376,680 having developed electrical wiring problems affecting its Computer. It was observed that no pre and post-inspection reports were carried out on the vehicle. Besides the vehicle broke down again soon after the repairs and has been parked since July 2012. The Committee should find out from the Accounting Officer whether repairs were carried out and if so produce receipts to confirm.

3.3: Non-maintenance of Contracts Registers
It was observed that management did not maintain a contracts register. It is stated that they used vote books but promised to comply with the regulations. Lack of a contracts register makes it difficult for management to track contract payments and may lead to losses arising from double payments. The Committee should task the Accounting Officer to provide an up-to-date contracts register.

3.4: Budget Performance
3.4.1: Funding gaps
It was observed that a review of the approved budget estimates for the year, approved work plans revealed that out of the approved budget of UGX 7,435,970,714 funds amounting to UGX 4,979,911,061 were received, creating a funding deficit of UGX 2,456,059,653, which adversely affected service delivery. The underfunding could possibly be due to non-submission of prepared work plans while under performance could be attributed to absence of adequate monitoring / supervision. The Committee should find out from the Accounting officer if the causes of underperformance were identified and adequately addressed.

3.4 AMURU DISTRICT LOCAL GOVERNMENT

4.1 Reconciliation of Central Government Grants (Treasury Releases)
It was observed that in the two financial years a discrepancy of actual grants indicated as received by the local governments from the MoFPED and the actual amounts disbursed by MoFPED to the District local Governments. (See table below)
Table 31: Showing Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMURU</td>
<td>2011/12</td>
<td>9,821,477,701</td>
<td>10,269,267,650</td>
<td>447,789,949</td>
<td></td>
</tr>
</tbody>
</table>
Funding Gaps hinders service delivery
The Committee should ascertain whether the Accounting officer liaised with the Accountant General’s Office to reconcile the difference in question

### 4.2 Budget Performance
A review of the approved budget estimates for the year, approved work plans revealed that out of the approved budget of UGX 7,199,408,660 funds amounting to UGX 4,495,955,021 were received, creating a funding deficit of UGX 2,703,453,639 which adversely affected service delivery
The committee should
1) Ascertain whether the Accounting Officer liaised with the relevant ministries for improved funding
2) Find out from the Accounting officer if the causes of underperformance were identified and adequately addressed

### 5 APAC DISTRICT LOCAL GOVERNMENT

#### 5.1 Diversion of Funds
It was observed that UGX 275,500,000 was diverted from the works, water, Health, Local Government Management Service Development Programme, accounts to cater for council general operations contrary to the regulations. Besides, by the time of audit the funds had not be refunded to the respective accounts
Diversion of funds adversely affects implementation of planned activities
The Committee should
1) Find out from management whether the funds were refunded to the respective accounts for planned activities
2) Task the Accounting Officer to explain why they prioritized general operations over key service delivery sectors such as health and water

#### 5.2 Reconciliation of Central Government Grants (Treasury Releases)
According to the financial statements, Government grants received from the Treasury for two financial years there was a discrepancy in the figures as shown below
Table 32: Showing Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>21,072,736.00</td>
<td>18,886,374,089</td>
<td>19,123,124,994</td>
<td>236,750,905</td>
</tr>
<tr>
<td>2012/13</td>
<td>19,199,137,495</td>
<td>19,782,989,714</td>
<td>583,852,219</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>38,085,511,584</td>
<td>38,906,114,708</td>
<td>820,663,124</td>
<td></td>
</tr>
</tbody>
</table>

This affects service delivery

The Committee should
1) Find out if the Accounting Officer liaised with the MoFPED if the figures were reconciled. And if so?
2) Task management to provide evidence in form of a certificate of reconciliation from the ministry or Acknowledgment Receipts

5.3. Budget Performance

It was noted that the district budgeted to receive UGX 30,035,758,000. However, only UGX 23,112,273,824 was received resulting in a funding gap of UGX 6,923,484,176

The Accounting Officer explained that they budgeted using indicative planning figures provided by the Treasury, but the funds were not fully remitted

This affects the planned activities hindering service delivery

The Committee should find out if the Accounting Officer explored other funding sources as advised by the Auditor General

5.4 Incomplete Contract Register

It was noted that the district did not maintain a contract register which provides detailed information about contracts. Without an up to date contract register it becomes difficult monitor project implementation

The Committee should task management to explain how monitoring these projects was implemented without maintaining an up to date contract register
5.5 Review of Financial Statements

3.5.1 Undisclosed Contingent Liability
Management did not disclose as a note to the financial statements a contingent liability of UGX 1,492,675,428 pending payment of legal costs arising out of court in respect of cases. This misrepresents the financial statements and performance of the district.
The Committee should task management to present the adjusted financial statement.

3.5.2 Cash and Cash equivalents
Cash and Cash equivalents reported at UGX 88,175,747 in the balance sheet is not reconciled with the net cash and Cash equivalents shown in the Cash flow Statement of UGX 54,466,937. This misrepresents the financial statements and also liquidity position of the district.
The Committee should find out from the Accounting Officer if the figures in question were reconciled.

3.5.5.3 Overdrawn Cash Books
Included in the balance sheet was of UGX 33, 708, 810 shown as overdrafts. However this was an accumulation of unpresented cheques which led to overdrawn cash book balances on the roads and LGMSDP accounts of UGX 29,632,492 and UGX 4,010,842 respectively. This misrepresents the financial statements and performance of the district.
The Committee should

1) Find out from management if they desisted from issuing cheques without available amounts
2) Task the Accounting Officer to explain under what circumstances the cheques were issued.

5.6: Non adherence to the commitment control system
It was noted that management did not adhere to the above requirements. Failure to adhere to the commitment control systems may lead to accumulation of domestic arrears.
The Committee should find out if management adhered to the commitment control system as advised by the Auditor General.

5.7. Wasteful Expenditure
It was observed that UGX 3, 505,000 was paid from the district health account to M/S Baylor-Uganda as refund of unaccounted for funds earlier contributed by the organization towards implementation of pediatric HIV/AIDS management and treatment activities in the district.
Management in their response indicated that the then accountant one Geoffrey Ocepa failed to account for these funds and recovery was effected from Local Revenue.
The committee should find out if the money was recovered from the responsible officer.
5.8 Diversion of Conditional Grants
It was observed that a sum of Shs 86,000,000 was diverted from grants on the Works, Health, SFG accounts to cater for council general operations. Out of this amount Shs 25,000,000 was used to pay top up and honoraria for LCI and LC II Chair persons. Management explained that the money was used to settle emergencies beyond the control of administration and had been partly refunded.

The Committee should

1) Find out if management desisted from diversion of funds
2) Find out if the funds were recovered and used for its intended purpose

6. DOKOLO DISTRICT LOCAL GOVERNMENT

6.1. Reconciliation of Central Government Grants (Treasury Releases)
According to the financial statements, Government grants received from the Treasury for two financial years there was a discrepancy in the figures as shown below.

Table 33: Showing Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Budgeted Funds (UGX)</th>
<th>Released Funds (UGX)</th>
<th>Received Funds (UGX)</th>
<th>Excess (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td></td>
<td>11,766,371,684</td>
<td>14,630,337,311</td>
<td>2,869,165,627</td>
</tr>
<tr>
<td>2012/13</td>
<td></td>
<td>11,445,317,679</td>
<td>13,397,436,141</td>
<td>1,952,118,470</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>23,213,689,363</td>
<td>28,027,773,452</td>
<td>4,821,284,097</td>
</tr>
</tbody>
</table>

This un-reconciled government releases position makes the funds doubtful.

The Committee should

1) Find out if the Accounting Officer liaised with the MoFPED if the figures were reconciled.
2) Task the Accounting Officer to explain the cause of the discrepancy.

6.2: Un-reconciled Cash position
Management reported Cash and cash equivalents for the year as UGX 60,249,744. It was observed that the reconciliation of Net Cash and Cash equivalents did not take into account the Cash flows for the previous financial year of UGX 562,625,498.

The committee should

1) Find out if the two balances were reconciled accordingly.
2) Task the accounting officer to explain the cause for the un-reconciled figures in question.
6.3 Unbudgeted Expenditure

It was observed that UGX 49,831,963 was spent on unbudgeted for activities which included, opening roads and supervision of projects. The accounting officer stated that this involved works carried forward from the previous financial year and supervision of projects. This affected other activities that were prioritized and budgeted for hindering service delivery. The Committee should find out whether management revised the budget to cater for unbudgeted for expenditure on board as advised by the Auditor General.

6.4 Budget Performance

3.6.4.1 Funding Gaps

Audit noted a review of the approved budget estimates and approved work plans revealed that out of the approved budget of UGX 5,495,111,882 funds amounting to UGX 4,209,409,267 were received, creating a funding deficit of UGX 1,285,702,615, which adversely affected service delivery. The Committee should ascertain whether the causes of underperformance were adequately addressed. The Committee should also find out from Accounting Officer if they liaised with the relevant ministries for improved funding.

7. GULU DISTRICT LOCAL GOVERNMENT

7.1 Reconciliation of Central Government Grants (Treasury Releases)

According to the financial statements. Government grants received from the Treasury for two financial years there was a discrepancy in the figures as shown below:

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>30,755,483.206</td>
<td>22,070,680.791</td>
<td>23,630,922,460</td>
<td>1,560,241,669</td>
</tr>
<tr>
<td>2012/13</td>
<td>22,892,773.709</td>
<td>25,594,657.000</td>
<td>2,701,883,291</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>44,963,454.500</td>
<td>49,225,579.460</td>
<td></td>
<td>4,262,124,960</td>
</tr>
</tbody>
</table>

This un-reconciled government releases position makes the funds doubtful.
The committee should,
1) Find out whether the accounting officer followed up with the MoFPED so as to reconcile the two positions and if yes provide the certificate of reconciliation
2) Task the Management to explain the cause of the discrepancy

7.2 Support to NGO Health Units UGX681,004,686

It was observed that the District remits funding to the Local Non-Government Organization Hospitals as government subsidy. During the financial year under review, UGX 681,004,686 was remitted to Lacor Hospital and Gulu Independent Hospital under the delegated fund for basic health care services. It is however, observed that despite the subsidy, there is no program on the ground to publicize the subsidy so as to enable patients benefit from the program. It was noted that apart from the hospital providing medical services, the community has not felt the impact of the subsidy in respect to reduction of medical charges. For instance, the consultation fee charged by the Hospitals is uniformly charged and it is difficult to realize the impact of the subsidy generally.

The Accounting Officer explained that the hospitals had been taking it for granted but they were due to enforce.

The committee should
1) Task the Accounting Officer to explain why government subsidy is taken for granted with no impact realized
2) Find out if Management followed the advice of the Auditor General to engage the NGO hospitals publicize the subsidy
3) Find out if Management reduced on medical charges

7.3 Budget Performance

Table 35. Showing Budget Performance

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>9,008,279,040</td>
<td></td>
<td>7,145,351,807</td>
<td>1,862,927,233</td>
</tr>
<tr>
<td>2012/13</td>
<td>47,822,416,000</td>
<td></td>
<td>40,107,619,975</td>
<td>7,714,796,025</td>
</tr>
<tr>
<td></td>
<td>56,830,695,040</td>
<td></td>
<td>47,252,971,782</td>
<td>9,577,723,258</td>
</tr>
</tbody>
</table>

The shortfall resulted from failure by the Ministry of Finance Planning and Economic Development to release funds for the fourth quarter of the financial year. This would have led to poor service and goods delivery to the local communities in the district.
The committee should:
1) Find out from the management whether they have addressed the causes of underfunding
2) Find out from the management whether they liaised with MoFPED to solve the issue of underfunding

7.4 Un-utilized Survey Equipment
It was noted that management purchased survey equipment for the district valued at UGX 74,876,000 but the equipment has remained unutilized. This may have been a result of poor planning.
The Accounting Officer explained that they were to train the district surveyor and recruit a qualified staff to use the equipment.
The Committee should:
1) Find out if the Accounting Officer followed up the matter and whether the equipment was put to use
2) Find out if a qualified staff was recruited to manage the equipment

8 KITGUM DISTRICT LOCAL GOVERNMENT

8 1: Cash and Cash equivalent
Audit noted the figure of cash and cash equivalent of UGX 2,444,597,418 reflected in the balance sheet is different from the figure of cash and cash equivalent of Negative UGX 4,521,750,653 reflected in the cash flow statement. Therefore, the cash and cash equivalent balance could not be confirmed.

This misrepresents the financial statements and also liquidity position of the district.

The Committee should ascertain whether the Accounting Officer adjusted the financial accounts as advised by the Auditor General

8 2: Budget Performance

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>5,745,223,500</td>
<td>3,832,699,184</td>
<td>1,912,524,316</td>
</tr>
<tr>
<td>2012/13</td>
<td>42,084,060,760</td>
<td>25,499,033,403</td>
<td>16,585,027,357</td>
</tr>
<tr>
<td>TOTAL</td>
<td>47,829,284,260</td>
<td>29,331,732,587</td>
<td>18,497,551,673</td>
</tr>
</tbody>
</table>
A shortfall in the release of funds was realized in both years as shown above. Failure to receive all the budgeted revenue implies that planned activities could not be fully implemented leading to undelivered service.

The Committee should:
1) Task the Accounting Officer to explain the revised means for alternative revenue sources and ascertain whether the planned activities were executed.
2) Find out from the management whether they liaised with MoFPED to solve the issue of underfunding.

8.4. Reconciliation of Central Government Grants (Treasury Releases)

Table 37 Showing Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Budgeted Funds (UGX)</th>
<th>Released Funds (UGX)</th>
<th>Received Funds (UGX)</th>
<th>Discrepancy (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>22,073,532,000</td>
<td>16,224,848,734</td>
<td>22,652,618,760</td>
<td>6,427,770,026</td>
</tr>
<tr>
<td>2012/13</td>
<td>20,011,163,061</td>
<td>17,724,710,554</td>
<td></td>
<td>2,286,452,501</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36,236,011,795</td>
<td>40,377,329,314</td>
<td></td>
<td>8,714,222,527</td>
</tr>
</tbody>
</table>

The Committee should:
1) Task the Accounting Officer to explain why there was a recorded amount of UGX 579,086,760 in excess of the revised approved budget of FY 2011/12.
2) Find out if management investigated the discrepancy between the releases and the amount reflected in the financial statements.
3) Ascertaining whether the Accounting Officer liaised with the Accountant General’s Office to reconcile the difference and if so? Provide acknowledgement receipts.

8.5: Internal Audit Activity

The internal audit only concentrated on audit of sub counties without carrying out audits on the sectors at the district. This implies that the internal controls within the departmental sector were not adequately checked for effectiveness.

The internal audit has plans in place which cannot be executed fully due to budget constraints and lack of the head of the unit to head the Department. It was further noted that the internal audits budget allocation was only UGX 43,806,591 (0.2%) against total budget of UGX 25,121,973,515.
The Committee should find out from management whether the district internal auditor was recruited and whether the department was adequately facilitated.

8.6. Financial Loss
3 8.6.1 Payments to Non VAT-Registered Firms
The district engaged non VAT registered firms for public works as noted in the minutes of the contract committee meeting held on 18/1/2011. However, it was noted that the contract sums were VAT inclusive.
A financial loss to the tune of UGX 46,136,992 was incurred as a consequence of payments made with VAT inclusive.
Management in their response indicated that a request had been placed with Uganda Revenue Authority to effect recoveries from the firms in question at the point of filing returns. Management also indicated that retention monies have been withheld as partial recovery.
The Committee should find out from the Accounting Officer if the funds were recovered as advised by the Auditor General.

3.8 6.2 Payment of VAT on Exempt Supplies
It was observed that UGX 227,111,945 was paid to contractors for projects undertaken under Peace Recovery and Development Programme (PRDP). According to the programme, all funds disbursed are meant for Capital Development and not subjected to Value Added Tax (VAT). Furthermore, paragraph 1(aa) of the 2nd Schedule to the VAT Act stipulates that supplies in respect of public water works, agriculture, education and health are VAT exempt.

The above requirements notwithstanding, awards under the programme were VAT inclusive. In the circumstances, a financial loss was incurred to the extent of the VAT component. Management attributed the anomaly to conflicting guidance from the Ministry of Education and Prime Minister’s Office.

The Committee should find out from the Accounting Officer if the funds were recovered as advised by the Auditor General.

3.8.6.3 Deposits
It was observed that management held UGX 206,603,358 on deposit accounts in respect of balances payable either to third parties or refundable to the depositors. However, it was noted that the balance is not supported with underlying records. Included in the above figure is UGX 27,457,344 in respect of miscellaneous recoveries from staff. In the circumstances, it is probable that the reported deposits are not represented by cash and cash equivalents.

Management in their response indicated that the deposits represented monies received and deposited on General fund A/c for which there was no budget provision.
The Committee should
1) Task Accounting Officer to explain why the reported monies were not represented by cash and cash equivalents
2) find out if there was evidence that the received monies were reported appropriately

8.7 Service Delivery
3.8.7.1 Breach of contract
It was noted that a company was awarded a contract for the rehabilitation of Omrya Anyima – Lagot Section 2 at the cost of UGX 119,137,500 The company had been paid UGX 49,143,750 in respect of reshaping the road Whereas the works had been committed by the close of the year 2009/10, no payments were made during the year under review Furthermore, it was observed that out of UGX 23,827,500 advanced to the company in respect of 20% mobilization, only UGX 7,371,563 was recovered from the first payment certificate leaving a balance of UGX 16,455,937 This amount has been outstanding for over a year without any action taken for recovery Since the road works were not completed, it is apparent that the funds were either diverted or used for other purposes

It was stated that the recovery measures and the termination process were underway

The Committee should find out from the Accounting Officer if the monies were recovered from the responsible officer

9 KOLE DISTRICT LOCAL GOVERNMENT

9.1 Diverson of Funds

It was observed that the district made payments from conditional grants totaling to UGX 123,746,510 to finance various activities under the departments of Administration, Finance and planning and boards and commission
Diverson of funds affects timely implementation of budgeted activities

The Committee should find out from the Accounting Officer why the money was diverted contrary to the regulations

3.9.2. Budget performance
Table 38: Showing Budget performance

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>1,751,306,000</td>
<td>1,474,789,102</td>
<td>276,516,898</td>
</tr>
<tr>
<td>2012/13</td>
<td>12,214,355,00</td>
<td>11,089,523,864</td>
<td>1,124,831,036</td>
</tr>
</tbody>
</table>
The shortfall was a result of non-remittance capital development in the 4th quarter by the Central Government.

This affected the implementation of the planned activities in the district. The Committee should find out from the Accounting Officer whether they liaised with the MoFPED for increased funding.

9.3 Reconciliation of Central Government Grants (Treasury Releases)

It was noted that in the two financial years there was discrepancy of actual grants received by the local governments from the Ministry of Finance, Planning and Economic Development (See table below)

Table 38: Showing Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td></td>
<td>10,644,091,076</td>
<td>10,976,773,213</td>
<td>332,682,137</td>
</tr>
<tr>
<td>2012/13</td>
<td></td>
<td>11,111,656,400</td>
<td>10,904,438,310</td>
<td>207,218,092</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>21,755,747,476</td>
<td>21,881,211,523</td>
<td>539,900,229</td>
</tr>
</tbody>
</table>

This un-reconciled government releases position makes the funds doubtful. The committee should,

1) Find out whether the accounting officer followed up with the MoFPED so as to reconcile the two positions
2) Task the Management to explain the cause of the discrepancy

9.4 Alto sub county - Ogur Road

It was observed that during the financial year, the District undertook to maintain Alto –Sub County –Ogur road at a cost of UGX 44, 987,500. However, a variation by UGX32,794,000 (73%) was made thereby hiking the price to UGX77,781,500. This was above the acceptable percentage of 15% contrary to the regulations.

The committee should find out from the Accounting Officer whether recoveries were made.
9.5 Responsibility of the Accounting Officer

There is no statement of responsibility of the accounting officer as an attestation by the accounting officer on his responsibility on the integrity of the financial statements. The accounting officer stated that he had attached the statement but only attached a forwarding statement. The Committee should find out from management whether the issue was addressed.

9.6 Non-availability of Accounting Records

It was observed that management did not prepare books of account like abstracts, vote books, and ledgers. This makes it difficult to confirm balances presented in the financial statements and casting doubt on the integrity of financial statements. The committee should find out from the management whether they have complied and established proper accounting records.

9.7 Presentation of financial statements

Audit noted that the financial statements are not presented in an orderly manner. There are no reference notes for on the balance sheet. The income and expenditure statement is not presented according to the format recommended in the Local Government Financial and Accounting Manual, 2007. There are no comparative figures presented for the year ended 30 June 2011. There are two figures for the Cash balance for the financial year ended June 2011 (UGX 1,053,718,907 in the Note 2 to the financial statements and UGX 1,525,914,791 as a comparative in the Balance sheet).

A figure of UGX 1,053,718,907 was taken as brought down balance to the budget and actual expenditure in the income and Expenditure Statement thereby overstating both Budget and revenue figure by the same amount and mixing up the accounting treatment.

The Committee should find out from the Accounting Officer whether the financial statements were amended according to the regulation.

9.8 Income and Expenditure Statement

The Income and Expenditure Statement is not presented in the format recommended by the Local Government Financial and Accounting Manual 2007. The comparative figures for the financial year ended 30th June 2011 were not presented. The accounting officer stated that they had made adjustments, however this was not done.
The Committee should find out from management if the necessary adjustments were made as advised by the Auditor General

9.9 Balance sheet
The balance sheet presentation does not provide explanatory notes for the items in the balance sheet Cash and Cash equivalent presented as a comparative for 30th June, 2011 of UGX 1,525,914,791 is not supported Note 2 for the same period shows UGX 1,053,718,907 thereby showing inconsistent reporting Revenue reserves are reflected at UGX 538,680,310 while in the notes it is shown as negative reserves at UGX (515,038,597)

The Committee should find out from management whether they corrected the inconsistency in the reporting

9.10 Lack of Accounting Records for SAGE Program
It was noted that management did not maintain accounting records for expenditure of UGX 182,253,800 under the SAGE project It was stated that the SAGE programme had just started and management was uncertain about its operation and delayed to assign an accountant

The Committee should task Management to explain why they do not maintain documents for all expenditure incurred as required by the regulation

9.11 Un-authorized Excess Expenditure

It was observed that expenditure of UGX 242,096,330 was incurred on District Council and this was above the statutory requirement of 20% of the previous actual total local revenue collected by the District
Expenditure on un-budgeted activities is irregular and results into spending on un-prioritized activities which are not in line with the entity objectives

The Committee should
1) Task the Accounting officer to explain the cause of un authorized expenditure
2) Task Management to explain why the regulations are not adhered to

9.12 Doubtful execution of road works

It was observed that UGX 45,000,000 was paid for routine road maintenance however, it was observed that the roads were not being maintained and the carriage ways have now reduced to one way oaths The roads are bushy, the drainage channels have blocked and tree branches have grown across and over the roads
The accounting officer stated that during rainy season it is very difficult to ascertain maintenance which they carried out but cannot stand for a longer period. Value for money was compromised.

The Committee should find out from management whether they made a follow up and ensured collective action.

9.13 Unsupported Cash & Cash Equivalents

Management reportedly held in cash and at bank a total of UGX 1,525,914,791 as at 30th June 2011. However, it was noted that the figure was not supported with bank reconciliation statements and a detailed schedule of individual A/c balances contrary to paragraph 7.1.4 of the LGFAM 2007. In the circumstances, the cash and cash equivalents could be misrepresented.

The Committee should find out from management if the amount was reconciled for appropriate adjustments in the subsequent financial statements.

9.14 Unsupported Current Assets

Audit noted that management reported a balance of UGX 279,299,838 in respect of an untitled item in respect of current assets. However, it was observed that the figure was not supported with an explanatory note to the balance sheet.

This could be the effect of failure on the part of the Head of Finance to coordinate the preparation of the Annual Accounts contrary to regulation 11(1)(k) of the LGFAR 2007.

The Committee should find out from management if the balance sheet was reviewed so as to reflect the true financial position.

9.15 Incomplete Financial Statements

It is observed that management did not adhere to the presentation and disclosure requirements as prescribed in the Local Government Financial and Accounting Manual (LGFAM) 2007. There was apparent neglect of duty by the Head of Finance (HOF) contrary to regulation 11(1) (b) (k) and (r) of the Local Government Financial and Accounting Regulations (LGFAR) 2007. Refer to details in the table below.

<table>
<thead>
<tr>
<th>Incomplete Financial Statements</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trial Balance</td>
<td>FR 34</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>FR 39</td>
</tr>
<tr>
<td>Cash flow statement</td>
<td>FR 36</td>
</tr>
</tbody>
</table>
Understandability and comparability of performance and financial position are rendered difficult. In addition, details of Council’s indebtedness, losses, asset acquisitions and disposals, unrealized revenue, investments and borrowings are concealed. Whereas management in their response indicated that the accounts had been adjusted, there was no proof to this effect.

The Committee should task the Accounting Officer to provide proof that the accounts were adjusted.

3.10 LAMWO

10.1 Reconciliation of Central Government Grants (Treasury Releases)
According to the financial statements, Government grants received from the Treasury for two financial years there was a discrepancy in the figures as shown below. (See table below)
Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td></td>
<td>9,221,738,341</td>
<td>10,938,780,308</td>
<td>1,717,041,967</td>
</tr>
<tr>
<td>2012/13</td>
<td></td>
<td>10,231,790,147</td>
<td>14,726,857,370</td>
<td>4,495,067,230</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>19,453,528,488</td>
<td>25,665,637,678</td>
<td>6,212,109,197</td>
</tr>
</tbody>
</table>

This un-reconciled government releases position makes the funds doubtful. The Committee should
1) Find out if the Accounting Officer liaised with the MoFPED to reconcile the figures. And if so?
2) Task management to provide evidence in form of a certificate of reconciliation from the ministry or Acknowledgment Receipts.

10.2 Non-Recovery of Agricultural Technologies

The NAADS implementation guidelines 2010, requires the market oriented and commercialized model farmers to pay back 70% of the value of the technology received in
cash, which should be deposited in the group account with an accredited financial institution.

Accordingly the farmers received UGX824, 584,000. However, farmers did not pay back the expected 70% of the value of the technologies received UGX 577,209,500. The intentions of the program may not be achieved.

Failure to recover monies was attributed to failure by management to emphasize the recovery concept at the beginning.

The Committee should task management to explain why they did not have enforceable procedures and controls that compel the defaulting farmers to pay back in consultation with NAADs secretariat.

10.3: Budget Performance

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Budgeted Funds (UGX)</th>
<th>Received Funds (UGX)</th>
<th>Shortfall (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>6,056,365,000</td>
<td>3,488,238,846</td>
<td>2,568,126,154</td>
</tr>
<tr>
<td>2011/12</td>
<td>15,674,373,000</td>
<td>11,333,152,324</td>
<td>4,341,220,676</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,730,738,000</td>
<td>14,821,391,170</td>
<td>6,909,346,830</td>
</tr>
</tbody>
</table>

It was noted that in a FY 2010/11 a review of the approved budget estimates for the year, approved work plans revealed that out of the approved budget of Shs 6,056,365,000 funds amounting to Shs 3,488,238,846 were received, creating a funding deficit of Shs 2,568,126,154, which adversely affected service delivery.

The same occurred in FY 2011/12 where the budgeted revenue was UGX 15,674,373,000 but actual collection was UGX 11,333,152,324 leading to a shortfall of UGX 4,341,220,676.

Revenue shortfalls adversely affect service delivery.

This likely hindered the implementation of planned activities in the district.

The Committee should find out if all the budgeted revenue was collected.
3 11 LIRA

11.1: Cash and Cash Equivalents

Management did not reconcile the Cash and Cash Equivalents in the Cash flow Statement to take account of the previous year Cash and Cash equivalents of UGX 1,059,472,667. The Balance sheet reported Cash and Cash Equivalents position of UGX 1,353,868,126 is understated by the previous year's balance UGX 1,059,472,667. This misrepresents the financial statements and performance of the district. The committee should task the Management to provide the adjusted financial statement.

11.2: Reconciliation of Central Government Grants (Treasury Releases)

It was also noted that there was a discrepancy of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the local government as shown in the table below.

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>19,224,782,258</td>
<td>19,535,670,640</td>
<td>310,88,382</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td>19,597,335,887</td>
<td>19,385,554,333</td>
<td>211,781,554</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>38,822,118,145</td>
<td>38,921,224,973</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This un-reconciled government releases position makes the funds doubtful.

The committee should find out whether accounting officer has done the investigations and if yes what is the outcome and possible recommendation for the discrepancy in question.

11.3: Apparent Financial Loss

UGX 35,485,179 was paid out to a firm for the Rehabilitation of Wik Odyek Amokoge–Amach market road under Works programme. However, field inspection revealed the payment was not supported with physical works on the ground. In such circumstances, a financial loss could have occurred.
This was as a result of advance secured against an advance payment bond. The contractor delayed to start the works despite several verbal and written warnings. The insurance firm has been contacted to recover the funds. The Committee should find out from Management if funds have been recovered.

11.4. Return of Donated Funds

Funds amounting to UGX 6,705,000 donated by Uganda Aids Commission (UAC) to support the district in the area of HIV/AIDS programme activities were returned to the donor (UAC) on account of the fact that management failed to utilize these funds for the intended purpose. In such circumstances, citizens were denied urgently needed services. This was attributed to the funds were sent without utilization guidelines. Besides, the commission demanded for accountability within a very short period of time. The Committee should find out if management initiated and liaised with development partners to ensure funds are accompanied with guidelines on utilization.

11.5. Budget Performance

3.11 5.1 Funding Gaps
A review of the approved budget estimates for the year, approved work plans revealed that out of the approved budget of UGX 6,369,932,975 funds amounting to UGX 4,524,656,380 were received, creating a funding deficit of UGX 1,845,276,595, which adversely affected service delivery. The Committee should find out from the Accounting Officer whether they liaised with the MOFPED for increased funding.

12 NWOYA DISTRICT LOCAL GOVERNMENT

3.12.1 Budget Performance

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>1,201,776,000</td>
<td></td>
<td>886,107,000</td>
<td>315,669,000</td>
</tr>
<tr>
<td>2012/13</td>
<td>22,090,000,175</td>
<td>11,743,995,403</td>
<td>10,346,004,772</td>
<td></td>
</tr>
<tr>
<td></td>
<td>23,291,776,175</td>
<td></td>
<td></td>
<td>10,661,673,772</td>
</tr>
</tbody>
</table>

92
The underfunding could possibly be due to non-submission of prepared work plans and also absence of adequate monitoring /supervision and less full donor and NUSA F funding. The Committee should find out whether the Accounting Officer revised the budget to reflect such shortfalls.

12 2: Reconciliation of Central Government Grants (Treasury Releases)

It was noted that there was a discrepancy between actual grants received by the district and amount reflected as sent by the (MoFPED) The District financial statements showed an amount of UGX 6,976,301,473 whereas MoFPED shows a total of UGX 6,114,787,393 as having been released to the district leading to unexplained difference of UGX 861,514,080

The Committee should
1) Task the Accounting Officer to explain the cause for the discrepancy
2) find out if the Accounting Officer liaised with the MoFPED to reconcile the variance

12 3 Non adherence to the Commitment Control System

It was noted that management did not adhere to the commitment control system as no commitment requisitions were utilized. Noncompliance of CCS leads to likely accumulation of domestic arrears. The Committee should task management to explain why they processed expenditures without following the law

3 13 OTUKE

13. 1 Drainage Work and Swamp Filling at Acogogwao

Audit noted that during the financial year 2012/2013, a contract of UGX 107,000,000 was awarded to a local firm for drainage work and swamp filling at Acogogwao swamp. By the time of audit in August 2014 UGX 32,749,575 had been paid to the contractor, however, audit inspection revealed that the contractor had abandoned site. Management explained that the project was under dispute and the matter was taken before IGG by the contractor where they were advised to resolve the dispute amicably. However, after extending the contract for sixty days, the contractor again abandoned the site. Management had sought the guidance from the Solicitor General for termination.

The Committee should find out whether management followed up the matter with the Solicitor General and whether the contract was terminated.
13 2: Budget Performance

It was noted that in the FY 2012/13 the district had a funding gap of UGX 3,241,236,273 resulting from a short fall of (Government grants (UGX 3,197,805,461) and local revenue (UGX 43,430,812). The same occurred in FY 2010/11 with a short fall of UGX 410,665,452 on Government Grants received. This was due to budget cuts which Capital development funds for the 4th quarter was not released while local revenue shortfall was caused by low return from agency fees collections and the districts failure to open new market points where it expected to collect market and gate fees.

Failure to receive all budgeted revenue adversely impacted on implementation of approved planned activities.

The Committee should
1) Find out whether the Accounting Officer enhanced revenue sources
2) Find out from the management whether they liaised with MoFPED to solve the issue of underfunding

13 3: Financial Statements

13 3.1 Understatement of Cash and Cash equivalents by UGX165, 414,866

The Cash and cash equivalents reported at UGX 1,317,362,966 in the balance sheet does not tally with the figure of UGX 1,482,777,832 derived from the cash flow statement leading to an understatement by UGX 165,414,866.

This misrepresents the financial statements and performance of the district
The Committee should task management to provide the adjusted financial statement

3.2 Reconciling Opening Cash Balances

Opening cash balance of UGX 961, 872,140 reported does not tally with UGX 28, 412,419, being the closing cash position in the audited accounts as at 30 June 2011 rendering the closing balance overstated by UGX 33, 459,721

This misrepresents the financial statements and performance of the district
The Committee should task management to provide the adjusted financial statement
3.13.3 Un-reconciling Fixed Assets Purchases

The statement of stores reported fixed assets purchases of UGX 176,824,655 during the year, contrary to the cash flow figure of UGX 165,414,866, with UGX 11,404,789 unexplained.

The Committee should find out if the Accounting Officer corrected the errors and adjusted the financial statements as advised by the Auditor General. This misrepresents the financial statements and performance of the district.

The Committee should task management to provide the adjusted financial statement.

3.13.4: Diversion of Funds

It is observed that UGX 15,462,120 conditional grants meant for water was diverted to finance other activities contrary to Regulation 37(2) of the Local Government Financial and Accounting Regulations (LGFAR) 2007 which requires conditional grants to be planned for, recorded and accounted for in accordance with the grant conditions and guidelines. This amount has not been refunded. Details in the table below -

<table>
<thead>
<tr>
<th>Diversion of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Narration</strong></td>
</tr>
<tr>
<td>Water funds released &amp; deposited on the works</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Funds transferred to water account</td>
</tr>
<tr>
<td>from works account</td>
</tr>
<tr>
<td>Amount Diverted</td>
</tr>
</tbody>
</table>

Such diversion defeats the purpose of or which the grant was disbursed.

The Committee should task Management to explain under what circumstances were the conditional grants diverted.
3.13. 4. Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was noted that the financial statements showed an amount of UGX 7,449,957,916 in respect of government grants that were received. However, the MoFPED records showed a total of UGX 9,774,690,785 as having been released to the district resulting in an unexplained difference of UGX 2,324,732,869.

The Committee should:

1) Task management to render an explanation for the difference.
2) Find out if the Accounting Officer liaised with the MoFPED to reconcile the variance.

3.13.5: Deposits Accounts Subsidiary Ledgers

Audit noted that the district did not maintain deposit account subsidiary ledgers nor did it disclose them in the balance sheet contrary to paragraph 7.4.1 (Note 6) of the Local Governments Financial and Accounting Manual 2007 requires disclosure of monies payable to either third parties or refundable to depositors in a note to the financial statement.

The Committee should find out whether management opened subsidiary deposit ledger Accounts as advised by the Auditor General.

3.13.6: Financial reporting

A review of the financial statements revealed the following shortcomings:

- The balance sheet was not accompanied with explanatory notes contrary to paragraph 7.1.4 of the LGFAM 2007. Also noted was that forms FR 44 to FR 53 were not an integral part of the financial statements contrary to the financial manual.

- Details of the unpresented cheques were not disclosed in the majority of the bank reconciliation statements appended to the annual accounts. Also noted was that the cash and cash equivalents balance of UGX 928,412,419 was not supported with a detailed schedule of individual account balances.

- Whereas the details of revenue and expenditure schedules, and the trial balance show total revenue and expenditure of UGX 3,500,344,372 and UGX 2,423,216,885 respectively, the statement of income and expenditure shows UGX 4,881,500,519 and UGX 4,396,989,937.
Whereas the opening reserves and surplus for the year were UGX 15,027,454 and UGX 484,510,582 respectively, a closing balance of UGX 928,412,419 was reported in the balance sheet. Failure on the part of management to adjust the accounts renders the statements misleading. Whereas management in their response undertook to correct the anomalies, this was not done. The Committee should
1) Task management to explain why they did not address capacity gaps in the Finance Department
2) Find out if the accounts were adjusted.

14 OYAM DISTRICT LOCAL GOVERNMENT

14 1: Allowances of Standing Committees
It was observed that during the year, several standing committees' meetings were conducted. However, the following shortcomings were identified -

- Neither were lists of attendance nor meeting minutes were availed for audit
- Although the Council approved UGX 47,989,500 in allowances of standing committees but UGX 135,029,500 was paid out leading to excess of UGX 87,040,000
- PAYE of UGX 40,508,850 deducted from the sitting allowances was not accounted for

The Accounting officer explained that a submission to Council for retrospective authority was made but minutes and report files had been misplaced. The Committee should
1) Ascertained whether the funds were properly accounted for and acknowledgment receipts provided
2) Task the accounting officer to provide Authority that was approved by council

14 2. Advance Payment

A local firm was awarded a contract for the construction of 3 blocks of staff house at Ngai, Awelobutoryo and Dogapi primary schools and construction of 3 blocks of 2 stances drainable latrines at Ngai, Awelobutoryo and Dogapi primary schools at a contract price of UGX 205,173,000 under PRDP-SFG programme.
However, scrutiny of the payment documents for works done revealed that there was an advance payment to the contractor of UGX 136,782,000 for works not yet done. The details are as follows.

Table 40: Showing Advance payments to contractor

<table>
<thead>
<tr>
<th>Contractor demand Note date</th>
<th>Voucher No</th>
<th>Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19/06/2013</td>
<td>21/06/2013</td>
<td>95,615,000</td>
</tr>
<tr>
<td>25/06/2013</td>
<td>40/06/2013</td>
<td>41,167,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>136,782,000</td>
</tr>
</tbody>
</table>

The Accounting Officer explained that these were not advances but payments against certificates of work done. However, the dates of payments could not justify the Accounting Officer’s claim because the demand note was made two days after contract acceptance, while the date of bid acceptance was much later than the date of the demand note. This represents double payment and therefore loss of government funds.

The Committee should
1) Task the Accounting Officer to provide proof that the payments were made against certificates of work done.
2) Find out if the matter was investigated.

14.3 Reconciliation of Central Government Grants (Treasury Releases)

It was also noted that there was a shortfall of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the local government as shown in the table below.

Table 41: Showing Reconciliation of Central Government Grants (Treasury Releases)

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>18,208,644,423</td>
<td>17,743,377,708</td>
<td>465,266,715</td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td>19,750,680,521</td>
<td>15,430,134,381</td>
<td>4,320,546,140</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>37,959,324,944</td>
<td>33,173,512,089</td>
<td>4,785,812,855</td>
<td></td>
</tr>
</tbody>
</table>

This was likely to lead to incomplete activities due to inadequate funds released.

The Committee should
1) Task management to render an explanation for the difference.
2) Find out if the Accounting Officer liaised with the MoFPED to reconcile the variance.
14.4 Dental equipment at Anyeke HCIV

Assorted dental equipment valued at UGX 52,093,000 was purchased in February 2013 for Anyeke HC IV but remained un-utilized at the time of audit. In addition, it was observed that the health centre had no dental practitioner. I informed the Accounting Officer that keeping the equipment utilized denies the community the intended service and therefore poor value for monies spent. This compromised value for monies spent.

The Committee should find out from management whether the equipment was put to its intended purpose.

14.5: Un-reconciling Cash Position

The balance sheet shows Cash and Cash equivalents of UGX 2,548,302,231, while the Statement of Cash flows shows it as UGX 2,545,044,261 leading to a difference of UGX 3,257,970 which is not explained/reconciled.

This misrepresents the financial cash flow

The Committee should

1) Task the Accounting Officer to explain the cause for difference
2) Find out if the Accounting Officer corrected the errors and adjusted the financial statements.

14.6. Expenditure of NUSAF II Sub-Project Funds

Management transferred UGX 1,069,282,050 from NUSAF II account to Crane bank to be credited to various community sub project accounts for implementation of several projects. The following observations were made:

- There was no accountability filed with the district in regard to the status of the projects being implemented.
- The audit team could not access the project sites as no staff was available to direct the team to the various locations.
- There were no progress and inspection reports to confirm whether these projects were on course despite the allowances which were being drawn by the contract supervisors.

NUSAF II funding disclosed in the financial statements was only UGX 130,072,984 instead of UGX 1,069,282,050 spent on the project.
The Committee should
1) Task management to explain the cause for the condition
2) Find out from management whether the above anomalies were addressed and if so provide documents for verification

14.7: Excess Expenditure on District Council Allowances.

It was noted that expenditure totaling UGX 201,235,597 on District Council was incurred over and above the statutory requirement of 20% of the previous actual total local revenue collected by the District. The accounting officer explained that the provision of 20% of the local revenue budget was too little to meet council expenditure.

Excess expenditure was likely to have led to underfunding of some planned activities. The Committee should
1) Task management to explain why they do not comply with regulations
2) Find out if management liaised with the Minister of Local Government Authority on the matter

14.8 Unsupported Cash and Cash Equivalents

A board of Survey report on Cash/Bank balances reported at UGX 3,540,303,324 was not submitted with the accounts. In addition, a review of the bank reconciliation statement for the Statutory Bodies A/c No 0140022504201 revealed that the account had been overdrawn by UGX 8,875,218 as at 30th June 2011. Furthermore, the certificate of bank balance for CBG A/c No 0140022507001 was not appended to the financial statements. In the circumstances, the cash and cash equivalents could not be confirmed.

Whereas management promised to take corrective action, there was no documentary evidence to this effect. This causes misrepresentation of the statement.

The Committee should
1) Task management to avail the board of survey report and the missing certificates of bank balances
2) Task management to provide council authority to overdraw the statutory body’s a/c rendered for verification

14.9. Excess Expenditure on Council Emoluments and Allowances UGX 127,814,099

Audit noted that Council incurred excess expenditure of UGX 127,814,099 contrary to paragraph 4 of the first schedule of the Local Government (Amendment) Act, 2008. This is attributable to negligence of duty on the part of the chief executive.
Table 42 Showing Excess Expenditure on Council Emoluments and Allowances

<table>
<thead>
<tr>
<th>Description</th>
<th>UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Revenue 2009/2010</td>
<td>229,836,534</td>
</tr>
<tr>
<td>20% of local revenue (a)</td>
<td>45,967,307</td>
</tr>
<tr>
<td>Amount Spent on Council emoluments and Allowances (b)</td>
<td>173,781,406</td>
</tr>
<tr>
<td>Excess expenditure [(b)-(a)]</td>
<td>127,814,099</td>
</tr>
</tbody>
</table>

This was attributed the occurrence to revenue shortfalls

The extra monies spent on council emoluments and allowances suffocated other planned activities

The Committee should find out from the Accounting Officer whether policy makers were sought to review the law

14.10: Budget Performance

3 14.10.1 Funding Gaps

A review of the approved budget estimates for the year, approved work plans revealed that out of the approved budget of UGX 8, 638,237,500 funds amounting to UGX 6,508,646,279 were received, creating a funding deficit of UGX 2, 129,551,221, which adversely affected service delivery

The underfunding could possibly be due to non-submission of prepared work plans while under performance could be attributed to absence of adequate monitoring / supervision

The Committee should find out from the Accounting Officer whether they liaised with the MOFPED for increased funding

14.11: Unauthorized Excesses

Analysis of the Budget revealed that management budgeted to spend UGX 262, 999,117 on fuel and allowances for the year under review. However, a sum of UGX 454, 796,330 was spent during the year under review thereby causing excess expenditure of UGX 191, 797,213

Some planned activities were negatively affected as implementation of the same could have been suffocated

This could be the effect of poor planning practices and inadequate budget monitoring by management

The Committee should task management to provide copies of supplementary estimates and reallocation warrants (Form BU 7) for verification

Task management to explain the cause for excess expenditure
14.12 Unauthorized Internal Borrowings

It was observed that a sum of UGX 87,662,400 in respect of conditional grants was diverted to finance activities not prescribed in the operational guidelines without the relevant approval from the line ministries. Also noted was that the funds had not been restored to the affected Accounts by the close of the year under review. This could be the effect of financial indiscipline on the part of management.

This practice exposes council to risk of penalties and withdrawal of further funding. Besides, the intended beneficiaries are denied services as prescribed by the grant objectives.

Diversion of funds is an offence under regulation 123 of LGFAR 2007 and attracts penalties under regulation 124.

The Committee should:
1) Task management to provide the documents to support their response
2) Find out whether the funds were restored to the respective accounts and treated as unutilized for onward return to Treasury.

14.13: Inconsistent Reporting

3.14.13.1 Annual Budget Estimates

It was observed that verification of financial statements revealed that budget figures presented in the final accounts were inconsistent with the approved budget. Besides, there was no evidence of revision of budget estimates.

<table>
<thead>
<tr>
<th>Inconsistent Reporting</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Approved Budget</td>
<td>Presented in F/S</td>
</tr>
<tr>
<td>2010_2011</td>
<td>2010_2011 (UGX)</td>
<td>Variance (UGX)</td>
</tr>
<tr>
<td>Local Revenue</td>
<td>443,945,000</td>
<td>299,200,000</td>
</tr>
<tr>
<td>Government</td>
<td>22,997,812,000</td>
<td>20,768,004,875</td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td>2,229,807,125</td>
</tr>
<tr>
<td>Donor Funds</td>
<td>6,141,834,000</td>
<td>810,125,728</td>
</tr>
<tr>
<td>Total</td>
<td>29,583,591,000</td>
<td>21,877,330,603</td>
</tr>
</tbody>
</table>

Whereas management appreciated the anomaly, corrective action was not taken.

The Committee should find out from the Accounting Officer if corrective action was taken.
3 14.13.2 Unpresented Vs Uncredited Cheques
Cheques worth UGX 26,855,029 were reportedly unpresented on the General fund A/c No 0140022503001 as at 30th June 2011. However, it was noted that the same cheques were not reflected as uncredited on operational A/cs. Likewise, uncredited cheques on operational A/cs worth UGX 18,459,524 were not reflected as unpresented on the General Fund A/c.
In the circumstances, the General Fund A/c could have served as an operational A/c contrary to financial regulations. Otherwise, the bank reconciliation statements are error ridden.
Direct expenditure from the General fund A/c leads to diversion of conditional funds.
The committee should find out from management if corrective action was taken.

3.14.13.3 Incomplete Annual Financial Statements
Management did not adhere to the presentation and disclosure requirements as prescribed in the LGFAM 2007. There was apparent neglect of duty by the head of finance contrary to regulation 11(1) (b) (k) and (r) of the LGFARs 2007. (See table below)

### Incomplete Annual Financial Statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other statements, schedules and notes</td>
<td>FR 44 to FR 53</td>
</tr>
</tbody>
</table>

In the circumstances, details of Council’s indebtedness, commitments, losses, asset acquisitions and disposals, unrealized revenue, investments and borrowings are not presented.
The Committee should
1) Find out whether management indicated corrective action
2) Task management to provide the adjusted accounts for verification

15 PADER

15.1 Transfers to Institutions
According to quarterly releases to Local Government documents a total of UGX 385,884,000 was transferred from line Ministries to a Technical and Farm School and a Technical Institute on a quarterly basis via the district vote 547.
Transfers to Non-existing institutions via VOTE 547
However, the Technical Schools do not exist in the district rendering the transfer fictitious. Besides, in my previous report, I reported that UGX 85,027,000 was transferred to Technical and Farm Schools (Non-wage) and UGX 85,022,000 to Technical Institute (Non-wage) in the district. The District Education Officer indicated that the institutions did not exist in the district.
There is a likelihood that the said funds were embezzled.
The Accounting Officer reconfirmed that the institutions do not exist and that the Council had resolved that the purported transfers be investigated by the IGG

The Committee should find out from the Accounting Officer if the case was fully investigated by the IGG

15.2: Reconciliation of Central Government Grants (Treasury Releases)
According to the financial statements, government grants received from the treasury amounted to UGX 15,215,212,231. However, according to the information obtained from the Accountant General vide letter AGO/66/259/01 of 30th July 2013 revealed that treasury releases to the District amounted to UGX 13,635,408,191 resulting in a difference of UGX 1,579,804,040

This was likely to cause doubtful funds

The committee should task the Accounting officer to explain the cause for the variance and also management to provide a certificate of reconciliation

15.3: Budget Performance
Government Grants were budgeted at UGX 19,598,260,000 but actual releases were UGX 14,399,600,193(73%) with a funding gap of UGX 5,198,659,807 representing 27%

Donor funds were UGX 621,948,820(38%) of the budgeted UGX 1,644,609,000. While local revenue collection was UGX 158,684,589(43%) of the budgeted UGX 364,936,000 reflecting an under collection of UGX 206,251,411

The accounting officer stated that over the years, there have been short releases without any explanation and they have had to roll over projects to subsequent years. The low local revenue was due to the low revenue base

There is a likely hood that planned activities would not be fully implemented

The Committee should
1) Find out from management whether they have devised means of improving local revenue mobilization
2) Find out whether they have liaised with the Ministry of Finance planning and economic development and the donors to increase funding

15.4: Unauthorized Excesses
A review of the actual expenditure viz a viz the approved estimates for the financial year under review revealed that some votes were overspent by UGX 8,017,493,847 and no authority in form of council resolutions for supplementary allocation or virements/reallocation warrants were available to support this over expenditure.

This could be the effect of poor planning practices and inadequate budget monitoring and reporting by management

Whereas management in their response indicated that the moneys were to Council for approval, there was no documentary proof to this effect

The Committee should
1) Task management to provide the Authority that was approved by council for the excess expenditure
2) Find out from management whether the issue of excess expenditure was handled
3) Find out whether management spends within the authorized budgetary limits

15.5: Unauthorized Internal Borrowings
UGX 91,444,500 was borrowed from the Works Account to finance other council activities without the relevant approval from the Line Ministry contrary to the operational guidelines which require that the funds are utilized solely for purposes for which they were voted. Also noted was that the funds had not been restored to the Account by the close of the financial year under review. This could be the effect of financial indiscipline on the part of management. In the circumstances, the approved planned activities were not adequately implemented.

The Committee should
1) Task the Accounting Officer to explain why the money was diverted
2) Find out whether the funds were restored to the Works Account

15.6: Incomplete Financial Statements
It was observed that management did not adhere to the presentation and disclosure requirements as prescribed in the LGFAM 2007. There was apparent neglect of duty by the head of finance contrary to regulation 11(1) (b) (k) and (r) of the LGFARs 2007. (See table below)

**Incomplete Financial Statements**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trial Balance</td>
<td>FR 34</td>
</tr>
<tr>
<td>Other statements, schedules and notes</td>
<td>FR 44 to FR 53</td>
</tr>
</tbody>
</table>

Understandability and comparability of performance and financial position are rendered difficult. Details of Council’s indebtedness, commitments, losses, asset acquisitions and disposals, unrealized revenue, investments and borrowings are concealed.

Whereas management indicated that corrective action had been taken, there was no proof to this effect. Management was advised to always ensure that financial statements, schedules and Notes are prepared in the manner prescribed by the LGFAM 2007. The Committee should find out from the Accounting Officer if the financial statements were adjusted.

15.7: Deposits
It is observed that Council did not maintain a deposits Ledger to support a balance of UGX 5, 097,284 reported in the balance sheet contrary to Section 59(c) of the LGFAR, 2007
Also noted was the failure on the part of management to reconcile the deposits balance as advised in the previous year’s report (FY 2009/10)
The reported figure could be misrepresented
Although management indicated that the deposits ledger was in place, it was not availed for verification
The Committee should
1) Task the management to explain why deposit Ledger was not maintained
2) Find out from management whether the deposit ledger is maintained

16. GULU MUNICIPALITY

16.1 Reconciliation of Treasury Releases

It was noted that in the two financial years there was discrepancy of actual grants received by the local governments from the Ministry of Finance, Planning and Economic Development
Table 43: Showing Reconciliation of Treasury Releases

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GULU MC</td>
<td>2011/12</td>
<td>9,312,541,895</td>
<td>7,503,866,652</td>
<td>8,193,219,037</td>
<td>659,352,385</td>
</tr>
<tr>
<td></td>
<td>2012/13</td>
<td>8,310,940,009</td>
<td>9,488,786,074</td>
<td></td>
<td>1,177,846,065</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>15,814,481,861</td>
<td>17,682,005,111</td>
<td></td>
<td>1,837,198,450</td>
</tr>
</tbody>
</table>

Records from the Accountant Generals office indicated that the Treasury released UGX 8,310,940,009 as total government grants to the council during the year against UGX 9,488,786,074 which is reported by the district in the financial statements. The difference of UGX 1,177,846,065 was not explained
This was explained that the treasury figures excluded the Road Fund and Local Service tax, adding that the Local service tax of UGX 121,780,671 was reclaimed from them by Ministry of Finance

The committee should find out from the accounting officer whether the financial statements were reconciled
16.2 Reconciliation of Central Government Grants

It was noted that the financial statements revealed that UGX 8,193,219,037 was received and acknowledged by receipts by the local government out of the revised approved budget of UGX 9,312,541,895. However, details from MoFPED showed total releases to the Municipal amounted to UGX 7,503,866,652 resulting in a difference of UGX 659,352,385. This shortfall in the realize could have been due to the budget cuts by the MoFPED. This could have affected the implementation of the planned and also the delivery of goods and services. This un-reconciled government releases position makes the funds doubtful. The committee should find out whether the Accounting Officer reconciled the funds in question.

16.3. Over expenditure on Administration

Audit noted that the Administration Expenditure of UGX 171,095,174 (37%) was incurred against the budgeted expenditure of UGX 465,441,000 without authority. Over expenditure on activities is irregular and results into under facilitation prioritized activities. The committee should,

1) Task the Accounting officer to explain the cause of excess expenditure without approval by the council.
2) Find out whether the management applied and received the virements or reallocations for the said expenditure.

16.4 Payment of CDD Funds to Non-Existent Community Group

A sum of UGX 6,000,000 was allegedly paid to two groups in respect of the Community Driven Development funds. However, verification revealed that the groups did not exist. These monies could have been mismanaged. The committee should find out from the management whether the money was recovered.

16.5 Lack of Risk Management Policy

The council does not have a risk management system and or policy in place to mitigate the various risks that face the Municipality to ensure safeguard of public funds. This could lead to loss of public funds. The committee should find out from the management which policy has been taken up by the district to safeguard the public funds.

16.6 Lack of Training Policy

The Municipal Council does not have a training policy. For example, a law enforcement officer U7 was sponsored for a degree in law in Mukono University for four years under unclear circumstances. Therefore training needs and activities were not properly guided.
This could have led to misuse of public funds
The committee should find out from the management whether they have a training policy in place to ensure well planned and coordinated training

16.7 Diversion of Funds
However, it was noted that UGX 196,496,000 was diverted from four Municipal Council accounts during the financial year under review namely, LGMSDP, Engineering, Capacity Building and Education and sports. No documentary proof of approval from the Line Ministries was rendered for verification.
In response it was explained that some funds were a contribution towards the completion of Sir Samuel Baker as per MoU while and unrecovered funds were to be refunded in due course.

This could have affected the planned activities and service delivery to the local communities in the district.
The committee should
1) Find out from the management whether the unrecovered funds were refunded
2) Task the Accounting Officer to provide authorized accounting documents for the diverted funds

16.8 Segregation of duties-Bank reconciliations
It was observed that the Bank reconciliations were made by officers who record the cash books are involved in payment and documentation of accountabilities as well as acting as bank agents thereby leading to lack of segregation of duties.

The Committee should task the Accounting Officer the cause for segregation of duties

16.9 Notes to the Accounts
Audit noted that the notes to the accounts are not presented in the format recommended in the Local Governments Finance Financial and Accounting manual 2007.
The Committee should find out from management why notes to the accounts are not presented in the prescribed format as advised to by the Auditor General.

3 16.10 Non Maintenance of a Commitment/Contracts Register
It was observed that payments made on contract works and details of retention money and penalties respectively were not entered in the contracts register. These requirements were not complied with as no registers were maintained.
Double payments could occur as a result of inability to keep track of the previously discharged obligations.
Whereas management in their response indicated that the register had been put in place, it was not availed for verification.

The Committee should task management to provide updated contracts register for verification.
16.11 Unrealistic Balances Non-Current Assets Shs 3,469,360,025
Non-current assets are reported in the balance sheet at Shs 3,469,360,025. It was observed that Land was disclosed at an unrealistic value of Shs 2,000,000 which does not reflect the true value of the asset. Furthermore, council did not depreciate its assets over the period thereby overstating the value of depreciable assets.

The accounting officer stated that they were due to carry out valuation of properties in the council however did not make adjustments to depreciate qualifying assets.

The Committee should find out from management if the financial statements were adjusted accordingly.

16.12 Non Depreciation of Council Assets
It was observed that management did not depreciate council assets to reflect their diminution in value. In the circumstances, the reported balance of Shs 3,469,360,025 is overstated to the extent of the accumulated depreciation. In addition, the reserves are equally misstated.

Management in their response indicated that adverts for valuers were run but did not attract any bidders.

The Committee should find out from management if the valuation exercise was expedited.

3.17 LIRA MUNICIPALITY

17.1: Budget performance
There was a shortfall of revenue amounting to UGX 6,253,361,058 (45%) of which UGX 6,219,285,708 and UGX 34,075,350 relate to Government grants and local revenue respectively, occasioning a budget shortfall of 6,219,285,708.

It was explained that the shortfall from Government grant was a result of failure to release the (Uganda support to Municipal Infrastructure Development program) funds and by the construction of the new market that led to the relocation of market vendors which made them unable to pay.

Such shortfall could have undermined service delivery.

The committee should find out from the management if they liaised with MoFPED to solve the issue of underfunding.
17.2: Reconciliation of Central Government Grants (Treasury Releases to Districts)

The District financial statements showed an amount of UGX 6,113,620,099 that was received whereas MoFPED shows a total of UGX 4,632,273,868 as having been released to the district leading to unexplained difference of UGX 1,481,346,231

The mismatch in the presentation can lead to difficulty in tracing the missing funds and the funds doubtful. The committee should:

1) Find out whether the accounting Officer followed up with the MoFPED so as to reconcile the two postings

2) Find out from the accounting officer what caused the discrepancy

17.3: Excess Expenditure

Council incurred excess expenditure of UGX 84,495,444 without authority of the executive committee yet it was after the budget review. This was explained that the budget was revised to accommodate salary payments and transfers to lower local councils. This could have led to inadequate funding for the other activities planned and budgeted hence poor goods and services delivery.

The committee should task the Accounting Officer to explain the excess expenditure without approval by the council.

17.4: Un-Confirmed Deliveries of Vehicle Spares UGX 12,071,743

Council paid for the supply of motor vehicle spares worth UGX 12,071,743. A verification of stores revealed that the spares were not delivered and taken on stores ledger charge. There was no evidence that the spares were fixed directly to the vehicles. There could have a possibility that the spare parts were not procured and fitted to the vehicles and loss of public funds.

The committee should task the management to provide proof of delivery of the spare parts and also the up to date store ledger charge.

17.5: Un-Executed Work- Coronation Park

Out of UGX 73,108,217 received in August 2011 from the ministry of local government for re-location to pave way for the construction of Lira Main Market activities for UGX 58,210,217 were not executed and UGX 5,000,000 said to have remained in the bank was later found missing from the account.

There could have been a possible loss of funds as the fate of the funds was not known.

The committee should find out from the management whether corrective action was taken and provide accountability for the funds.
17.6: Budget Performance
3.17.6.1. Funding Gaps
A review of the approved budget estimates for the year and, approved work plans revealed that out of the approved budget of UGX 2,693,153,529 funds amounting to UGX 1,957,173,384 were received, creating a funding deficit of UGX 735,980,145. Such shortfall could have undermined service delivery. The committee should
1) Find out from the management whether has liaised with MoFPED to solve the issue of underfunding
2) Find out from the management whether the district’s funding has been increased

17.7 Unrealistic Balances Non-Current Assets Shs 3,469,360,025
It was observed that Non-current assets are reported in the balance sheet at Shs 3,469,360,025. It was observed that Land was disclosed at an unrealistic value of Shs 2,000,000 which does not reflect the true value of the asset. Furthermore, council did not depreciate its assets over the period thereby over stating the value of depreciable assets.

The accounting officer stated that they were due to carry out valuation of properties in the council however did not make adjustments to depreciate qualifying assets. The Committee should find out from management if the financial statements were adjusted accordingly.

17.8 Non Depreciation of Council Assets

Audit noted that the reported balance of Shs 3,469,360,025 is overstated to the extent of the accumulated depreciation. In addition, the reserves are equally misstated. Management in their response indicated that adverts for valuers were run but did not attract any bidders.

The Committee should find out if management did expedite the valuation exercise.
D – JINJA AUDIT REGION

10 BUGIRI

11 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE METE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>14,502,544,193</td>
<td>15,707,992,831</td>
<td></td>
<td></td>
<td>1,205,448,638</td>
<td>69,750,000</td>
</tr>
<tr>
<td>2012/13</td>
<td>22,353,753,478</td>
<td>18,491,174,410</td>
<td></td>
<td>3,862,579,068</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can’t implement planned activities to improve service delivery. Therefore, the Committee should, determine whether Accounting Officers liaised with the Accountant General to reconcile the variations. Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner. Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery.

12 Erroneous release of Local service tax (LST)

The excess was partly attributable to an unanticipated in flow from MoFPED which was later found to have been erroneous and subsequently deducted from the district releases.

<table>
<thead>
<tr>
<th>S/n</th>
<th>Entity</th>
<th>Financial year</th>
<th>Budgeted</th>
<th>Released</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bugin DLG</td>
<td>2012/13</td>
<td>42,487,000</td>
<td>137,247,766</td>
<td>93,754,750</td>
</tr>
</tbody>
</table>
Committee to determine whether Accounting Officers developed a data base for LST to enable appropriate budgeting and collection

1.3 Construction of the District Guest House

The construction of the Guest House in 2004/05 financial year stalled in the financial year ended 30th June 2007, due to inadequate local revenue funding after roofing stage. The estimated cost to completion stands at UGX 150,000,000. Management lost interest in the project. Audit inspection of the building revealed that it was overgrown with bush. On 2nd February 2012 it was badly burnt, badly damaging the roof and the iron sheets thus wasting public resources.

Committee to inquire whether management completed the building and put it to the intended use.

1.4 Lack of Fraud control Policies and Procedures

It was noted that the district does not have any documented fraud control policies and procedures. It was also observed that management does not periodically assess risk of financial statement fraud or fraud arising from misappropriation of assets. Management can't control fraud without a well-documented fraud control policies and procedures.

Committee to ascertain whether management put in place a mechanism that periodically assess risks of financial statement. Accounting Officer to explain to the committee why he doesn't have a fraud control policies and procedures.

1.5 Forged accountability

A review of the audit reports revealed cases where staff members forged accountability documents.

<table>
<thead>
<tr>
<th>S/n</th>
<th>Entity</th>
<th>Financial year</th>
<th>Activity/Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bugiri DLG</td>
<td>2010/11</td>
<td>Naluwerere-Iwemba road Repair</td>
<td>6,712,000</td>
</tr>
</tbody>
</table>

There was no work done and there were loss of fund due to forged accountabilities. Committee to ascertain whether the Accounting Officers investigated the matters further, took action against officers involved and recovered the lost funds.

1.6 Unexpended Balances

According to guidance given Ref AGO 288/293/01 dated 4th July 2012 from the
Permanent Secretary/Secretary to the Treasury (PS/ST), Accounting Officers (AO) of Local Governments were instructed to return all the balances of conditional grants to the Consolidated Fund, and submit request for rollover of the same amount with evidence of commitment. Management attributed the anomaly to late releases of the funds.

<table>
<thead>
<tr>
<th>S/n</th>
<th>Entity</th>
<th>Financial year</th>
<th>Returned/Unspent Balance</th>
<th>Unreturned Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bugiri DLG</td>
<td>2011/12</td>
<td>136,105,014</td>
<td></td>
</tr>
</tbody>
</table>

Non absorption of approved and available funds greatly hinders service delivery to the community. Given that the funds were for ongoing projects, the bureaucratic tendencies may delay the return of funds, litigation issues may arise against management due to delayed payments to contractors. Committee to determine whether Management liaised with MoFPED to return the funds to enable them settle their commitments.

2.0 BUYENDE

2.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETED ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>11,130,080,497</td>
<td>9,551,839,829</td>
<td></td>
<td>1,578,240,650</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td>10,303,469,872</td>
<td>10,775,025,206</td>
<td></td>
<td></td>
<td>(-471,555,334)</td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can't implement planned activities to improve service delivery. Therefore, the Committee should,
Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations.
Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner.
Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery.

2.2 Payment for Dry Boreholes

The District signed a contract with M/s Water Resource Ltd for a cost of UGX 20,700,000 for siting, designing and drilling supervision of 12 boreholes. The contractor has been paid UGX 14,158,500 and a balance of UGX 6,541,500 was still outstanding. M/s Hipo Construction Ltd was awarded a contract for construction of 12 boreholes at a cost of UGX 167,407,984. However, inspections revealed four boreholes which could not yield water and yet payment was made for drilling the boreholes. The villages are:

<table>
<thead>
<tr>
<th>Village</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idhala</td>
<td>UGX 11,878,550</td>
</tr>
<tr>
<td>Igomero</td>
<td>UGX 11,608,900</td>
</tr>
<tr>
<td>Kasuku</td>
<td>UGX 11,332,100</td>
</tr>
<tr>
<td>Batayunjwa</td>
<td>UGX 8,009,700</td>
</tr>
</tbody>
</table>

The company that did the siting caused financial loss to the Government to the tune of the total cost of the failed boreholes.

Committee to find out whether the Accounting Officer recovered funds for the failed boreholes from M/s Water resources Ltd.
Committee to find out why the Accounting Officer signed an open contract?

3.0 IGANGA

3.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.
It was noted that there were shortfalls in grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).
Due to the shortfall, District can’t implement planned activities to improve service delivery. Therefore, the Committee should:

- Confirm whether pending activities were completed.
- Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner.
- Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery.

### 3.2 Incomplete Projects under Education Department

The district signed various contracts for classroom, staff house and latrine construction under the School facility Grant under the Education department. At the time of inspection (October 2013), it was noted that six projects were incomplete with a total contract sum of UGX 231,268,662, out of which UGX 93,567,268 had been paid to the contractors leaving an outstanding balance of UGX 138,497,394. Management attributed the anomaly largely to the shortfall in releases from the center. As a result, it was practically impossible for Management to ensure strict adherence to the guidelines and invoking the appropriate laws for breach of Contract by the Contractors.

Details are in the table below,

**Table showing Incomplete Projects**

<table>
<thead>
<tr>
<th>School</th>
<th>Activity</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banada P/S</td>
<td>Construction of two classrooms</td>
<td></td>
</tr>
<tr>
<td>Kabira P/S</td>
<td>construction of two classroom blocks</td>
<td></td>
</tr>
<tr>
<td>Nawankwale P/S</td>
<td>construction of staff house</td>
<td></td>
</tr>
<tr>
<td>Walukuba P/S</td>
<td>Construction of three classrooms</td>
<td></td>
</tr>
<tr>
<td>Minani P/S</td>
<td>Construction of staff house</td>
<td></td>
</tr>
<tr>
<td>BulyansimeC/U P/S</td>
<td>Construction of three classrooms and office</td>
<td></td>
</tr>
</tbody>
</table>

Delayed projects represent delayed services delivery to the community.
Committee should
Determine why the Accounting Officer didn’t adhere to the guidelines
Ascertain whether the Accounting Officer invoked the necessary provisions of penalty
clause for breach of contract by contractors

4.0 JINJA

4.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional
and Equalization Grants to the District, City, Municipality and Town Councils and
acknowledgement receipts raised and sent to the Central Government (MoFPED),
confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants
received by the District local government and releases from the Ministry of Finance
Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETENESS ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/1&lt;br&gt;1</td>
<td>21,131,393,669</td>
<td>19,916,495,870</td>
<td></td>
<td>1,214,897,799</td>
<td>(-1,228,241,208)</td>
<td>197,719,235</td>
</tr>
<tr>
<td>2011/2&lt;br&gt;2</td>
<td>19,808,629,462</td>
<td>21,036,870,670</td>
<td></td>
<td>(-1228241208)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/3&lt;br&gt;3</td>
<td>21,513,320,847</td>
<td>22,137,694,102</td>
<td></td>
<td>(-624373255)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can’t implement planned activities to improve service delivery.
Therefore, the Committee should,
Determine whether Accounting Officers liaised with the Accountant General to reconcile
the varations.
Determine if Management developed strategies to ensure implementation of planned
activities is done in a timely manner.
Ascertain whether Accounting Officers diversified their sources of revenue to improve
service delivery.

4.2 Payments of Royalties from Ms. Eskom (U) Ltd

Jinja District was paid royalty fees of UGX 240,000,000 by Ms. Eskom (U) Ltd in
respect of electricity generation based on the Memorandum of Understanding that
was for the period January 2004 to December 2004. There is risk that the district is
not receiving royalties based on proper economic realities. Management explained that the matter was before courts of law. In addition, negotiations were also ongoing with M/s Eskom Ltd through the Electricity Dispute Tribunal for the increase of the rates as well as the payment of the arrears. Committee to determine whether the Accounting Officer followed up the matter plus Generation Company paying the royalties.

4.3 Wasteful expenditure on bore holes

The District entered into the contract with a company to drill 6 bore holes under contract No JIN1511/WRKS/2013-14/00001 Lot 1 at a total cost of UGX 91,530,000. However, out of 6 bore holes, 4 bore holes at two different sites turned out to be dry ones (unsuccessful). The two unsuccessful bore holes had a total cost of UGX 23,710,304 as detailed below:

<table>
<thead>
<tr>
<th>Site</th>
<th>Consultancy</th>
<th>Drilling cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wanyange hill-Sub-Mafubira county</td>
<td>1,452,112</td>
<td>11,642,580</td>
<td>13,094,692</td>
</tr>
<tr>
<td>Namata village-Buyengo Sub-county</td>
<td>1,452,112</td>
<td>9,163,500</td>
<td>10,615,612</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>23,710,304</td>
</tr>
</tbody>
</table>

Management explained that the potential in the areas was poor, but due to community pressure to provide them with the water facilities, a gamble was made basing on past experience from other similar places that were successful.

Committee to ascertain why the Accounting Officer didn’t exercise due care in managing public resources to avoid wastage.

5.0 KALIRO

5.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds. It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).
Due to the shortfall, District can’t implement planned activities to improve service delivery. Therefore, the Committee should:

1. Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations.
2. Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner.
3. Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery.

5.2 Unexpended Balances

According to guidance given Ref AGO 288/293/01 dated 4th July 2012 from the Permanent Secretary/Secretary to the Treasury (PS/ST). Accounting Officers (AO) of Local Governments were instructed to return all the balances of conditional grants to the Consolidated Fund, and submit request for rollover of the same amount with evidence of commitment. Management attributed the anomaly to late releases of the funds.

<table>
<thead>
<tr>
<th>S/n</th>
<th>Entity</th>
<th>Financial Year</th>
<th>Returned/Unspent Balance</th>
<th>Unreturned Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Kaliro DLG</td>
<td>2011/12</td>
<td>51,532,072</td>
<td></td>
</tr>
</tbody>
</table>

Non absorption of approved and available funds greatly hinders service delivery to the community. Given that the funds were for ongoing projects, the bureaucratic tendencies may delay the return of funds, litigation issues may arise against management due to delayed payments to contractors. Committee to determine whether Management liaised with MoFPED to return the funds to enable them settles their commitments.

6.0 KAMULI

6.1 Reconciliation of Releases of Central Government Grants

Section 49 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and...
acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETENESS ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/1</td>
<td>20,235,682.4</td>
<td>19,899,522.1</td>
<td></td>
<td>336,160.31</td>
<td>(-170,887,098)</td>
<td>90,627.00</td>
</tr>
<tr>
<td></td>
<td>88</td>
<td>74</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011/1</td>
<td>22,550,212.2</td>
<td>22,134,549.2</td>
<td>22,305,436.3</td>
<td>(-240,288,097)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>09</td>
<td>17</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/1</td>
<td>23,749,038.2</td>
<td>23,508,750.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>84</td>
<td>87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can't implement planned activities to improve service delivery. Therefore, the Committee should:

Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations.

Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner.

Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery.

6.1 Failure to co-fund projects UGX 22,724,500

NAADS guidelines provide for co-funding obligation of 6% by the district towards National Agricultural Advisory Services (NAADS) activities. However, the district failed to co-fund the NAADS activities to a tune of UGX 22,724,500 contrary to the guidelines. Planned activities by the NAADS department may not be implemented due to insufficient funds available which impacts negatively on service delivery. Committee to determine whether the Accounting Officer to ensure that the co-funds projects as required by the programme guidelines.

Committee to determine why the Accounting Officer didn't comply with NAADS guideline.

3.7 KAYUNGA

3.7.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional
and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/1</td>
<td>16,583,564.497</td>
<td>16,307,515.223</td>
<td></td>
<td></td>
<td></td>
<td>21,907,687</td>
</tr>
<tr>
<td>2011/1</td>
<td>16,583,564.497</td>
<td>16,797,579.42</td>
<td>17,588,292.628</td>
<td>(-790,712,886)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/1</td>
<td>18,250,965.103</td>
<td>18,371,286.00</td>
<td></td>
<td>(-652,761,823)</td>
<td>233,005,519</td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can't implement planned activities to improve service delivery. Therefore, the Committee should:

Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations

Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner

Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery

Confirm whether pending activities were completed

7 2 Non-functional Bore Holes

A firm was awarded a contract to construct 5 hand pump boreholes & drilling of 2 production wells at a cost of UGX 110,949,300.

An audit inspection carried out revealed that substandard work was carried out on two boreholes as they were found nonfunctional. These bore holes were drilled at Misanga B in Misanga parish Bale Sub County and Kisseeta in Kanywelo parish, Kayonza Sub County. The cost for these two bore holes was UGX 24,883,000 and this is attributed to inadequate supervision.

Committee to ascertain whether the Accounting Officer and the district engineer carried out remedial work on the boreholes to make them functional.
7.3 Non-functional CAIIP II machines

The Government under Community Agriculture Infrastructure Improvement Project (CAIIP) constructed 4 maize milling machines and 1 coffee huller at an estimated cost of 480,000,000 in two sub counties of Kayunga District. However, the machines were not technically operating to expected output. The project objectives were not met and there were less value for monies spent. The Accounting Officer attributed the anomaly to delayed response from the Ministry of Local Government on action to be taken. Committee to find out whether the Accounting Officer followed up the issue and verify that the project was put to full operational capacity.

7.4 Construction of staff house with a 2 stande latrine and supply of water tank at Namirembe C/U Primary School

On 30/10/2013 a contract Number KAYU/523/WRKS/13-14/00084 for the above works was awarded to SMB INTERNATIONAL (U) LTD at a contract amount of UGX 67,007,850. The start date was 1/12/2013 and completion date was 30/06/2014. By the end of the financial year UGX 63, 255,410 (94 4%) of the contract sum had been paid. However, it was noted that the BOQ had a provision of UGX 3, 750,000 for the supply of a water tank of 10,000 litres and for tree planting around the building. However, at the time of audit, December 2014, the tank had not been supplied and the tree planting had not taken place and yet they had been paid for. Besides, the floors and verandas were cracked.

Committee to ascertain whether the Accounting Officer ensured that the tank is supplied, trees are planted and cracks are rectified.

8.0 LUUKA

8.1 Reconciliation of Releases of Central Government Grants

Section 4 9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE METE ACTIVITIES (UGX)</th>
</tr>
</thead>
</table>

122
Due to the shortfall, District can't implement planned activities to improve service delivery. Therefore, the Committee should determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner. Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery.

8.2 Completed Projects not Utilized

The District completed two projects for the Health department amounting UGX 75,999,600 Itakaibo HCII at a total cost of UGX 42,320,600, Ntayirgwara HCII at a total cost of UGX 33,679,000.

Accounting Officer attributed the issue to pending coding procedures of the two units on supply of medical sundries from National Medical Stores and recruitment of additional staff.

Completed project not in use is waste of public resources.

Committee to determine whether the Accounting Officer expedited the process of coding and recruitment of additional staff, and establish whether the Health Centers were put in use.

8.3 Shoddy Works for Buwaiswa- Namagera Bridge

A sum of Shs 15,940,540 was advanced to the District Engineer to procure emergency road works at Namagera-Buwaiswa Bridge under force on account method. However, the audit field inspection carried out on Namagera -Buwaiswa Bridge on the 14/11/2012 to verify the works revealed that immediately after the completion of the works, the bridge broke down and the road became impassable.

Management explained that the works carried out were of an emergency nature and therefore temporary. I observed that the shoddy works did not justify the expenditure.

Committee to determine if Accounting officer followed up the matter.

8.4 Abandoned Periodic Maintenance of Busala- Namulanda

A firm was awarded a contract of Shs 49,196,000 for periodic maintenance of Busala/Namulanda road covering a distance of 12 kms. The work started on 25/5/12 and was to last for a period of 120 days. It was noted that Shs 23,000,000 had been paid to contractor before the work was abandoned.

The scope of work included among others bush cleaning, shaping road to camber, compaction, water drains and installation of 23 meters of 600 mm diameter culverts.

Management explained that had requested the office of the solicitor General to apply
for a court order for specific performance of the contract and a notice of intention to sue as one of the preliminary stages to task the contractor to rectify the defects with the civil works Committee to ascertain whether the Accounting officer to followed up the matter

9.0 MAYUGE

9.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds. It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED)

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>16,735,902,266</td>
<td>16,078,591,173</td>
<td></td>
<td>657,311,093</td>
<td></td>
<td>444,473,681</td>
</tr>
<tr>
<td>2011/12</td>
<td>19,825,182,722</td>
<td>16,717,357,557</td>
<td>17,794,224,210</td>
<td>(–1,076,866,653)</td>
<td>2,532,047</td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td>17,759,680,010</td>
<td></td>
<td>20,889,259,027</td>
<td>(–3129579017)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can’t implement planned activities to improve service delivery. Therefore, the Committee should,

Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations
Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner
Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery
Confirm whether pending activities were completed

9.2 Unexpended Balances

According to guidance given Ref AGO 288/293/01 dated 4th July 2012 from the Permanent Secretary/Secretary to the Treasury (PS/ST), Accounting Officers (AO) of
Local Governments were instructed to return all the balances of conditional grants to the Consolidated Fund, and submit request for rollover of the same amount with evidence of commitment. Management attributed the anomaly to late releases of the funds.

<table>
<thead>
<tr>
<th>S/n</th>
<th>Entity</th>
<th>Financial year</th>
<th>Returned/Unspent Balance</th>
<th>Unreturned Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Mayuge DLG</td>
<td>2011/12</td>
<td></td>
<td>2,532,047</td>
</tr>
</tbody>
</table>

Non absorption of approved and available funds greatly hinders service delivery to the community.

Given that the funds were for ongoing projects, the bureaucratic tendencies may delay the return of funds, litigation issues may arise against management due to delayed payments to contractors.

Committee to ensure that Accounting Officers comply with the regulations i.e. Returning funds to the consolidated fund.

**10.0 NAMAYINGO**

**10.1 Reconciliation of Releases of Central Government Grants**

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

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<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE METE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>8,886,666,525</td>
<td>8,624,709,366</td>
<td>8,143,901,105</td>
<td>261,956,139</td>
<td>-(159,846,686)</td>
<td>44,479,532</td>
</tr>
<tr>
<td>2011/12</td>
<td>9,473,065,202</td>
<td>8,480,520,543</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can't implement planned activities to improve service delivery. Therefore, the Committee should,
Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations
Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner
Ascertain whether Accounting Officers diversify their sources of revenue to improve service delivery
Confirm whether pending activities were completed

10.2 Incomplete Projects
A number of projects remained incomplete as shown in the table below -

<table>
<thead>
<tr>
<th>No.</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction Of A Staff House At Bugoma Academy P/S</td>
</tr>
<tr>
<td>2</td>
<td>Construction of A 2 Classroom Block at Nasinu Primary School</td>
</tr>
<tr>
<td>3</td>
<td>Construction of A 4 Classroom Block Buchumba P/S</td>
</tr>
<tr>
<td>4</td>
<td>Construction 2 Nos Cattle crushers</td>
</tr>
<tr>
<td>5</td>
<td>Construction of A Fish Market at Namayingo Town Council</td>
</tr>
<tr>
<td>6</td>
<td>Construction of A 2 Classroom Block at Mulombi Primary School</td>
</tr>
</tbody>
</table>

Management attributed the anomaly on delayed return of funds remitted back to treasury Committee to determine whether Management liaised with the Ministry of Finance to return funds and if the projects were completed

10.3 Unexpended Balances
According to guidance given Ref AGO 288/293/01 dated 4th July 2012 from the Permanent Secretary/Secretary to the Treasury (PS/ST), Accounting Officers (AO) of Local Governments were instructed to return all the balances of conditional grants to the Consolidated Fund, and submit request for rollover of the same amount with evidence of commitment. Management attributed the anomaly to late releases of the funds.

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<th>Entity</th>
<th>Financial year</th>
<th>Returned/Unspent Balance</th>
<th>Unreturned Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Namayingo DLG</td>
<td>2011/12</td>
<td>350,988,185</td>
<td></td>
</tr>
</tbody>
</table>

Non absorption of approved and available funds greatly hinders service delivery to the community
Given that the funds were for ongoing projects, the bureaucratic tendencies may delay the return of funds, litigation issues may arise against management due to delayed payments to contractors
Committees to determine whether Management liaised with MoFPED to return the funds to enable them settle their commitments

11.0 NAMUTUMBA

11.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the District local government and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>21,131,393.6</td>
<td>19,916,495.8</td>
<td>1,214,897.79</td>
<td>352,766.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>69</td>
<td>70</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, District can’t implement planned activities to improve service delivery. Therefore, the Committee should determine whether Accounting Officers liaised with the Accountant General to reconcile the variances.

Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner.

Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery.

Confirm whether pending activities were completed.

11.2 Non Compliance with SFG Guidelines

Section 8.3b of School Facilities Grant (SFG) guidelines requires the District Engineer to supervise constructions under the grant and issue certificate of works.

The guidelines also require the Head Teachers and Sub county Chiefs to certify the works carried out.

An amount of UGX 553,959,619 was utilized under the SFG Documentation review revealed the following shortcomings, the certificates were not signed by all signatories’ projects had no project implementation plans, implying that they were not supervised.

There is a risk that the quality of works and implementation time frame, were not guaranteed. The risk for payment for shoddy and no work done was therefore very high.
Committee to investigate if management streamlined the operations of SFG and ensure that there is compliance with the guidelines

13.0 IGANGA MC

12.1 Reconciliation of Releases of Central Government Grants

Section 49 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the Municipal Council and releases from the Ministry of Finance Planning and Economic Development (MoFPED).

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE METE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>4,148,895,584</td>
<td>3,713,378,828</td>
<td></td>
<td>435,516,756</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011/12</td>
<td>2,443,367,792</td>
<td>2,016,074,168</td>
<td></td>
<td>427,293,624</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td>3,171,245,498</td>
<td>3,738,743,375</td>
<td></td>
<td>567,497,877</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, Municipal Council can't implement planned activities to improve service delivery.

The un-reconciled government releases position makes the funds susceptible to loss. Therefore, the Committee should,

Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations

Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner

Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery

12.2 Irregular land allocation and extension of leases

Section 51 of the Physical Planning act 2010 requires that no Subdivision, Consolidation, renewal or extension of Land shall be effected without approval of the relevant physical planning committee and that the Council Land Board shall not affect the above without
the relevant physical Planning Committee of the Municipal Council
On the contrary, the Council Land Board processed two hundred sixteen (216) land titles for the Municipality developers without the involvement of the Physical Planning Committee. There is a risk of development in areas which are not gazetted and eventual loss of revenue to the council thereby affecting service delivery negatively. Committee to find out whether the Accounting Officer complied with the law.

12.3 Diversion of LGMSD funds

UGX 70,217,000 was released in the month of October 2013 as second quarter release and banked on the General Fund Account No 4812100031 for onward transfer to LGMSD bank account 4812100043. However, out of UGX 70,217,000, only UGX 24,530,000 was transferred in January 2014 to LGMSD accounts and the balance of UGX 45,687,000 was diverted and transferred to operations account No 4812100009. I was not provided with an explanation regarding the diversion. The unauthorized diversion of the funds pose a risk to council regarding future funding of the programme which may affect service delivery. Committee should task the Accounting Officer to explain the cause of the diversion. Committee to ascertain whether Accounting Officer recovered the diverted funds.

13.0 JINJA MC

13.1 Reconciliation of Releases of Central Government Grants

Section 4.9 of the LGFAM, 2007 requires Government to remit Conditional, Unconditional and Equalization Grants to the District, City, Municipality and Town Councils and acknowledgement receipts raised and sent to the Central Government (MoFPED), confirming the receipt of funds.

It was noted that there were shortfalls, and discrepancies between actual grants received by the Municipal Council and releases from the Ministry of Finance Planning and Economic Development (MoFPED)

<table>
<thead>
<tr>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE METE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>6,811,596,000</td>
<td>6,751,769,255</td>
<td></td>
<td>59,826,745</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/12</td>
<td>6,703,997,456</td>
<td>7,787,921,682</td>
<td></td>
<td></td>
<td>1,064,299,851</td>
<td></td>
</tr>
</tbody>
</table>

Due to the shortfall, Municipal Council can't implement planned activities to improve service delivery.

The un-reconciled government releases position makes the funds susceptible to loss.
Therefore, the Committee should,
Determine whether Accounting Officers liaised with the Accountant General to reconcile the variations
Determine if Management developed strategies to ensure implementation of planned activities is done in a timely manner
Ascertain whether Accounting Officers diversified their sources of revenue to improve service delivery

13.3 Unimplemented Projects

According to the approved council annual work plans, the council had planned to carry out various activities. However, council failed to implement some of the planned activities in the council’s approved work plan as below

<table>
<thead>
<tr>
<th>Unimplemented Activities</th>
<th>Estimated Costs 2011/2012 (Ugx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of staff houses at Magwa Housing Estate</td>
<td>400,000,000</td>
</tr>
<tr>
<td>Completion on construction of stored Out Patients Departments at Jinja Central Health Centres</td>
<td>65,000,000</td>
</tr>
<tr>
<td>Construction of analytical laboratory</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Redevelopment of Abattoir</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Renovation of Public Toilets</td>
<td>31,000,000</td>
</tr>
<tr>
<td>Renovation of Town hall</td>
<td>50,000,000</td>
</tr>
</tbody>
</table>

Management attributed the anomaly to local revenue shortfalls
Non implementation of budgeted/planned activities greatly affects service delivery
Committee should,
Determine whether Management intensified local revenue collection policies for sufficient funds to enable implementation of planned activities
Find out whether Management revised work plans to fit in the available funding

E – KAMPALA AUDIT REGION

This section of the report presents extracted queries for Kampala Audit Region covering eight districts and one municipality. The entities audited include the districts of Buikwe, Butambala, Buvuma, Gomba, Luwero, Mpiigi, Mukono, Wakiso, Nakasongola, Nakaseke, Entebbe MC and Mukono MC. The extracted audit queries are presented as follows

130
1.1 Absence of Commitment Control Systems

During the financial year under review, there was no evidence to show that requisition form EX13 was being utilized. The committee should task the management to present the requisition form. The management should explain the cause of the anomaly.

1.2 Wrongly Reconciled Cash Position

The opening cash position was UGX504,655,267, the net increase in cash during the year was UGX818,273,153, making a total cash and cash equivalents of UGX1,322,928,420 at the end of the year. However, UGX313,617,886 was reported as cash and cash equivalents at the year-end in the cash flow statement and balance sheet. The Accounting officer should explain the cause of the anomaly. The committee should task the accounting officer to present the adjusted financial statements.

1.3 Inadequate Maintenance of Buildings - Kawolo Hospital

The Hospital staff quarters were in poor condition with broken window glasses while, some of the ward roof ceilings were almost falling off, the walls needed painting and some of them had developed big cracks. Most of the toilets in the wards were not in a working condition since the Hospital does not have running water. There is no maintenance plan for the Hospital. The committee should find out from the management whether they are getting development funds. Does the management have the maintenance plan?

1.4 Suspected Ghost Pupils in UPE Schools

An inspection carried out in six sampled schools indicated a variance of 1,105 pupils in the number of pupils physically at the schools against the figures reported to Education Office as detailed below.

Table 44: Suspected Ghost Pupils in UPE Schools

<table>
<thead>
<tr>
<th>School Name</th>
<th>District Figures</th>
<th>Physical count</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makindu P/S</td>
<td>451</td>
<td>303</td>
<td>148</td>
</tr>
<tr>
<td>Makota C/U</td>
<td>353</td>
<td>134</td>
<td>219</td>
</tr>
<tr>
<td>Kristina Umea</td>
<td>350</td>
<td>137</td>
<td>213</td>
</tr>
<tr>
<td>--------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Namanya Umea</td>
<td>507</td>
<td>251</td>
<td>256</td>
</tr>
<tr>
<td>Namanya R/C</td>
<td>878</td>
<td>727</td>
<td>151</td>
</tr>
<tr>
<td>Kiyagi P/S</td>
<td>680</td>
<td>562</td>
<td>118</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,219</td>
<td>2114</td>
<td>1,105</td>
</tr>
</tbody>
</table>

The committee should find out from the management whether they reconciled pupil figures reported by the District Officer. What is correct enrollment in the schools? Which schools have not adhered to the requirement?

### 1.5 Advances

In 2011/2012 an advance of UGX 7,950,000 was paid on behalf of the Ministry of Education and Sports in financial year to enable the education office handle teachers strike. However, despite several reminders, the Ministry has not responded. In view of the above, the advance may be a bad debt. The committee should find out from the accounting officer whether the money was recovered.

### 1.6 Reconciliation of Treasury Releases

The district received a total of UGX 20,037,743,897 in respect of government grants. However, information obtained from the Accountant General revealed that UGX 19,054,445,904 was released by the treasury. There is a difference of UGX 983,297,993 that requires reconciliation. The committee should task the Accounting officer to explain the cause of the anomaly. The accounting officer should explain whether the figures were reconciled.

### 2.0 BUTAMBALA DLG

#### 2.1 Appointment of Vote Controllers

It was observed that the chief executive did not formally appoint the vote controllers contrary to the regulations. The committee should find out from the management.
whether vote controller was appointed

2.2 Analysis of Primary Leaving Examination Performance

Analysis of a 3 year period PLE result, 2008, 2009 and 2010 revealed that only 2% passed in Division I while the failure rate (Grade U and X) had declined from 41%, 23%, and 27% respectively.

Table 45. UPE performance in Butambala DLG

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DIV</th>
<th>%</th>
<th>DIV</th>
<th>%</th>
<th>DIV</th>
<th>%</th>
<th>DIV</th>
<th>%</th>
<th>DIV</th>
<th>%</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1</td>
<td>0</td>
<td>225</td>
<td>1</td>
<td>261</td>
<td>2</td>
<td>241</td>
<td>20</td>
<td>294</td>
<td>24</td>
<td>1226</td>
</tr>
<tr>
<td>2009</td>
<td>11</td>
<td>1</td>
<td>341</td>
<td>2</td>
<td>304</td>
<td>2</td>
<td>314</td>
<td>25</td>
<td>199</td>
<td>16</td>
<td>1259</td>
</tr>
<tr>
<td>2010</td>
<td>6</td>
<td>1</td>
<td>392</td>
<td>3</td>
<td>276</td>
<td>2</td>
<td>254</td>
<td>20</td>
<td>144</td>
<td>11</td>
<td>1279</td>
</tr>
</tbody>
</table>

The committee should find out from the management whether teaching staff number was increased. Are the instructional materials being provided to the schools? What is the classroom pupil ratio? What is the state of the sanitary facilities? The management should explain the systems put in place to improve the performance in the district.

2.3 Lack of Periodic Drug Statements

The District health center did not maintain accounts with National Medical Stores (NMS) and the latter did not avail periodic statements to the district about processed orders and credit balances hence there was no reconciliation between the District and National Medical Stores. The management should explain to the committee the cause of the anomaly. The committee should find from the management whether they are contact with the NMS.

2.4 Unspent balance on the Drugs

Out of a credit line of UGX387,440,000, medical supplies and drugs worth UGX224,312,553 were received by the district, leaving a balance of unspent cash of
Table 46: Unspent balance on drugs in Butambala DLG

<table>
<thead>
<tr>
<th>Health Centre</th>
<th>Amount of credit line</th>
<th>Received</th>
<th>Cycle 1 Invoice Balance</th>
<th>Invoice Balance</th>
<th>Invoice Balance</th>
<th>Invoice Balance</th>
<th>Invoice Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulo HC</td>
<td>10,000,000</td>
<td></td>
<td>2,683,448</td>
<td>6,178,31</td>
<td>7,661,478</td>
<td>10,171,819</td>
<td>7,114,944</td>
</tr>
<tr>
<td>Butaaka HC</td>
<td>4,680,000</td>
<td></td>
<td>761,627</td>
<td>2,255,88</td>
<td>4,065,323</td>
<td>3,215,085</td>
<td></td>
</tr>
<tr>
<td>Butende HC</td>
<td>4,680,000</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Epicenter (Senge)</td>
<td>10,000,000</td>
<td></td>
<td>2,683,448</td>
<td>4,864,38</td>
<td>7,688,547</td>
<td>10,198,889</td>
<td>7,136,513</td>
</tr>
<tr>
<td>Gombe Hospital</td>
<td>300,000,000</td>
<td></td>
<td>18,669.96</td>
<td>87,460.2</td>
<td>127,337.13</td>
<td>171,037.81</td>
<td>176,211.54</td>
</tr>
<tr>
<td>Kabasanda HC</td>
<td>4,680,000</td>
<td></td>
<td>761,627</td>
<td>2,152.13</td>
<td>3,069.321</td>
<td>4,090.419</td>
<td>3,240.180</td>
</tr>
<tr>
<td>Kibugga HC</td>
<td>4,680,000</td>
<td></td>
<td>761,627</td>
<td>2,152.13</td>
<td>3,126.100</td>
<td>4,147.198</td>
<td>3,296.960</td>
</tr>
<tr>
<td>Kirokola HC</td>
<td>4,680,000</td>
<td></td>
<td>761,627</td>
<td>2,152.13</td>
<td>2,459,010</td>
<td>3,480,108</td>
<td>2,629,870</td>
</tr>
<tr>
<td>Kiziroro HC</td>
<td>4,680,000</td>
<td></td>
<td>761,627</td>
<td>2,152.13</td>
<td>3,126,100</td>
<td>4,147,198</td>
<td>3,296,960</td>
</tr>
<tr>
<td>Kyabaddaza HC</td>
<td>10,000,000</td>
<td></td>
<td>2,683,448</td>
<td>6,178.31</td>
<td>9,590,228</td>
<td>12,100,570</td>
<td>9,043,694</td>
</tr>
<tr>
<td>Ngando HC</td>
<td>10,000,000</td>
<td></td>
<td>2,683,448</td>
<td>6,178.31</td>
<td>7,661,478</td>
<td>11,512,620</td>
<td>8,452,444</td>
</tr>
<tr>
<td>Ntulomwe HC</td>
<td>4,680,000</td>
<td></td>
<td>761,627</td>
<td>2,255.88</td>
<td>2,928,458</td>
<td>3,687,379</td>
<td>2,837,141</td>
</tr>
<tr>
<td>Nsozi Butabika HCII</td>
<td>4,680,000</td>
<td></td>
<td>761,627</td>
<td>2,542.16</td>
<td>3,335,515</td>
<td>4,356,613</td>
<td>3,506,375</td>
</tr>
<tr>
<td>TOTAL</td>
<td>387,440,000</td>
<td></td>
<td>37,418,58</td>
<td>132,491.00</td>
<td>187,592.41</td>
<td>255,115.34</td>
<td>239,044.22</td>
</tr>
</tbody>
</table>

The Committee should find out from the management whether they got the information about the credit line. What was the cause of the anomaly? Which system has the management put in place to stop the anomaly from reoccurring?
2.5 **Non remittance of conditional grant to Gombe Town council 2012/13**

In 2010/2011 a total of UGX 18,651,313 of conditional grant for the year were not remitted to Gombe Town Council. The Accounting officer should account for the said funds. Which officer was the cause of the anomaly? Was the money remitted to the Town council?

2.6 **Payroll Audit**

In Butambala district with a sample of 45 primary schools, 11 secondary schools and 13 Health centers. It was revealed that some teachers who had been transferred and those who had absconded from duty continued to be on the payroll of the district. For instance, some secondary school teachers who were transferred from the district were on the payroll of Lukalu SS and Gombe Secondary School. The committee should find out from the Accounting officer whether the payroll was cleared. Who are the officers involved in this anomaly? Has the money paid to the affected officers recovered?

2.7 **Namlyango-Segabi Rd (8.0Km) 2012/13**

Namlyango-Segabi road (8.0Km) was constructed using force on account at a cost of UGX 12,204,000. Works included widening, shaping, clearing of drainage channel and installation of culverts. The works were completed but at the time of inspection it was observed that some culverts were already damaged barely one month after installation. The head walls of the culverts were also poorly done. The management should explain whether the works were redone. Were the contractors and supervisors reprimanded?

2.0 **BUVUMA DLG**

3.1 **Budget Performance**

UGX 3,096,717,976 was budgeted for but UGX 2,304,420,310 was released by Central Government leading to a shortfall of UGX 792,297,666. The management should explain the systems put in place to stop the anomaly. Was the shortfall covered?
3.2 Low Admission in Health Centers

An inspection of health centers in the district revealed that there was low admission of patients. Out of the patient load of 78,541, only 526 patients were admitted. The committee should find out from the management whether the staffing and infrastructure gap was filled. Was the health care department budget increased?

3.3 Un-reconciled Payroll Monthly Ledger

In 2010/2011, there was no reconciliation of the monthly pay roll general ledger balances with the Pay roll section monthly master files. The pay roll is not reconciled with the one generated by the district to confirm whether all bonafide employees are paid. The management should avail to the committee a reconciled payroll. Are the fund released on time?

3.4 Reconciliation of Central Government Grants

The district financial statements revealed that out of the revised approved budget of UGX5, 618,907,000. UGX 4,316,749,123 was received by the district, while the information on releases from MoFPED showed releases totaling UGX 4,480,786,268 were disbursed to the Local Government. The committee should task the Accounting officer to explain the difference of UGX164, 037,145. What was the source of the discrepancy?

3.5 Irregular Repair of Motor Vehicles

A sum of UGX 26,614,000 was incurred on repair of motor vehicles. However, scrutiny of the payment documents revealed that the repairs were done without engineer's assessment report and no official Local Purchase Orders were issued sanctioning the repairs. Besides, there were no job cards to specify the extent of works undertaken. It was further noted that an additional sum of UGX 19,900,000 was paid to a motor garage. However, the details of work done were not disclosed at the time of audit. Accordingly, the funds remain unaccounted for. The Accounting officer should account for the said funds. The committee should task the Accounting Officer to explain the anomaly.

3.6 Reconciliation of Treasury releases
According to the financial statements, government grants received from the treasury amounted to UGX 5,007,338,021. However, the information obtained from the Accountant General, treasury releases to the District amounted to UGX 4,294,914,971 with a difference of UGX 712,423,050 which requires reconciliation. The committee should find out from the Accounting officer whether the accounts were reconciled.

3.7 Cash Payments

A review of the bank statements indicated that UGX 151,131,897 was by cash withdrawals over the counter. All these cash withdrawals were from the Education account. The committee should task the management to account for the cash payments made to the contractors. Why did the Accounting officer allow cash payment with all the associated risks?

3.8 Unauthorised Over Expenditure

It was noted that UGX 13,787,659 was spent over and above the approved amount for statutory bodies without authorisation by council. The Accounting officer should explain the cause of the anomaly. What was the source of the extra funds? What’s the accountability of said funds?

3.9 Loss of a Vehicle

Audit observed that vehicle Reg No UG-4071M Nissan Hard Body, Pick-up double Cabin, worth UGX 90,000,000 was stolen on 12th August, 2014 in Mukono. However, at the time of audit, no police report was presented for audit verification. The management should explain to the committee the outcome of the police case.

4.0 GOMBA DLG

4.1 Local Revenue accountable Stationery

It was noted that the internal audit did not verify used receipt books nor did the Head of Finance check cashbooks. The Accounting officer should explain to the committee the systems put in place to avoid such anomalies. Were the receipts verified and certificates of acknowledgement issued?
4.2 Budget Preparation, Financial Performance and Cashbooks

All schools had cash books but were neither updated nor reconciled monthly. The committee should find out from the management whether head teachers and the District Educational Officer have been trained and mentored. Are the financial statements being submitted to the sub county councils?

4.3 Sanitation facilities in schools.

Inspection of the sampled schools revealed that all the schools had insufficient sanitation facilities. The average latrine to pupil ratio for the sampled schools was 1.65 for both girls and boys. This implies that for every girl and boys facility there are 65 pupils using it. Details are in the table below,

**Table 47 Sanitation facilities in schools**

<table>
<thead>
<tr>
<th></th>
<th>Kalusina</th>
<th>Kigezi kwumulo</th>
<th>Kigezi c/s</th>
<th>Maddu COU</th>
<th>Bukandula UMEA</th>
<th>Kanoni C/S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latrine stances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>pupil ratio (boys)</td>
<td>1.75</td>
<td>1.120</td>
<td>1.68</td>
<td>1.82</td>
<td>1.83</td>
<td>1.63</td>
</tr>
<tr>
<td>Latrine stances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>pupil ratio (girls)</td>
<td>1.53</td>
<td>1.109</td>
<td>1.86</td>
<td>1.77</td>
<td>1.88</td>
<td>1.44</td>
</tr>
<tr>
<td>Boys stances</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Girls stances</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>5</td>
</tr>
</tbody>
</table>

The committee should find out from the management whether more latrines have been constructed. What is the current latrine to pupil ratio?

4.4 Schools Enrolment Verification

A physical count was carried out in a sample class (P 4) for the sampled schools. It was observed that out of the 782 expected pupils only 407 (52%) were verified present. In one school i.e. Kikoota Muslim primary only 19 (35%) of the enrolled 55 were available.
Table 48: Schools Enrolment Verification

<table>
<thead>
<tr>
<th>School enrolment (%)</th>
<th>Kalusina</th>
<th>Kigezikuromulo c/u</th>
<th>Kigezi c/s</th>
<th>Lwanssi</th>
<th>St Chalem lwang ama</th>
<th>Madu COU</th>
<th>Bukanula UMEA</th>
<th>Kanoni C/S</th>
<th>Kanoni UMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>98</td>
<td>135</td>
<td>60</td>
<td>81</td>
<td>142</td>
<td>75</td>
<td>73</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Phys ica</td>
<td>15</td>
<td>63</td>
<td>66</td>
<td>53</td>
<td>41</td>
<td>33</td>
<td>81</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Absent</td>
<td>48</td>
<td>35</td>
<td>69</td>
<td>52</td>
<td>28</td>
<td>101</td>
<td>42</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>Percent age</td>
<td>76%</td>
<td>36%</td>
<td>51%</td>
<td>87%</td>
<td>35%</td>
<td>71%</td>
<td>56%</td>
<td>-11%</td>
<td>15%</td>
</tr>
</tbody>
</table>

The committee should task the management to explain the variance. What is the current enrolment? The committee should ask the management to explain the cause of the anomaly. Committee should task the management to account for UPE funds released. Was the UPE fund figures reconciled with the rightful enrolment?

4.5 State Of Classrooms

It was observed that the existing classrooms were in bad condition. Some had broken and/or lacked of windows, leaking roofs, asbestos roofs, mud floors. The committee should find out from the management whether the state of the structures was improved. Do they have a maintenance plan?

4.6 Budget Performance

Over Expenditure without Authority UGX 76,136,000. Review of the budget performance for the year revealed that five sectors—Finance, Statutory Bodies, Production, Health and education over spent their budgets without authority as detailed in the Table below.

Table 49: Budget Performance

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>69,240,000</td>
<td>84,672,000</td>
<td>*15,432,000</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>263,553,000</td>
<td>271,742,000</td>
<td>*8,189,000</td>
</tr>
</tbody>
</table>
The Accounting Officer should explain the cause of the anomaly. What is the source of the fund over spent?

4.7 Reconciliation of Central Government Grants

The district financial statements revealed that out of the revised approved budget of UGX 7,450,447,000 only UGX 7,759,247,000 was received and acknowledged by the district thus a discrepancy of UGX 530,563,984. The Accounting officer should explain to the committee the cause of the anomaly. Was the said money recovered back by the ministry of finance?

5.0 LUWERO DLG

5.1 Budget Performance

UGX 23,283,660,623 was budgeted for but UGX 18,806,851,981 was released by Central Government leading to a shortfall of UGX 4,476,808,642 as per the table below. Table 50: Budget Performance

<table>
<thead>
<tr>
<th>Sector</th>
<th>Budgeted</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>1,957,834,009</td>
<td>1,935,948,353</td>
<td>21,885,656</td>
</tr>
<tr>
<td>Health</td>
<td>3,064,304,274</td>
<td>2,999,238,367</td>
<td>65,065,907</td>
</tr>
<tr>
<td>Education</td>
<td>13,001,049,200</td>
<td>12,860,479,353</td>
<td>140,569,847</td>
</tr>
<tr>
<td>Works</td>
<td>4,874,742,830</td>
<td>839,957,867</td>
<td>4,034,784,963</td>
</tr>
<tr>
<td>National Resources</td>
<td>385,730,310</td>
<td>171,228,041</td>
<td>214,502,269</td>
</tr>
<tr>
<td>Total</td>
<td>23,283,660,623</td>
<td>18,806,851,981</td>
<td>4,476,808,642</td>
</tr>
</tbody>
</table>

The committee should find out from the management the cause of the shortfall. Has the shortfall been covered by relevant authorities?
5.2 Unrecovered Advances/ Cash Losses

UGX31,944,250 was reported as unrecovered advances/cash losses in the statement of financial position. The committee should find out from the accounting officer whether the said funds were recovered. How much has been written off by Ministry of local government? Was the UGX16,801,950 recovered from the pension due to the former employees who caused the financial loss?

5.3 Analysis of Primary leaving examination performance

Analysis of Performance in Primary Leaving Examination for a period of 5 year covering, 2006 - 2010 inclusive, revealed that pupils who obtained grade U and X averaged to 19.6%. Refer to table below.

Table 51 Performance of UPE Schools- 2006-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Div 1/ %</th>
<th>Div 2/ %</th>
<th>Div 3/ %</th>
<th>Div 4/ %</th>
<th>Div U/ %</th>
<th>Div X/ %</th>
<th>%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>788 (10)</td>
<td>4,157</td>
<td>916 (11)</td>
<td>1,053</td>
<td>975 (12)</td>
<td>399(5)</td>
<td>17%</td>
<td>8,288</td>
</tr>
<tr>
<td>2009</td>
<td>618 (71)</td>
<td>3,438(47)</td>
<td>1,580 (21)</td>
<td>931 (13)</td>
<td>899(12)</td>
<td>447(6)</td>
<td>18%</td>
<td>7,831</td>
</tr>
<tr>
<td>2008</td>
<td>281 (69)</td>
<td>343 (45)</td>
<td>1,726 (21)</td>
<td>1,030</td>
<td>1,204(15)</td>
<td>427(5)</td>
<td>20%</td>
<td>8,696</td>
</tr>
<tr>
<td>2007</td>
<td>572 (31)</td>
<td>3,026(33)</td>
<td>2,597 (29)</td>
<td>1,199</td>
<td>1,867(21)</td>
<td>461(5)</td>
<td>26%</td>
<td>9,431</td>
</tr>
<tr>
<td>2006</td>
<td>526 (74)</td>
<td>3,608(43)</td>
<td>1,907 (23)</td>
<td>1,239</td>
<td>1,002(12)</td>
<td>419(5)</td>
<td>17%</td>
<td>8,794</td>
</tr>
</tbody>
</table>

The committee should find out from the management whether the staffing gap was covered. What is the classroom pupil ratio? What system has been put in place to ensure contact and reliable access to instructional materials? What is the status of the sanitary facilitation?

What systems have been put in place to improve the performance?

5.4 Reconciliation of Central Government Grants

The district financial statements revealed that out of the revised approved budget of UGX26,715,032,000, UGX 23,793,646,591 was received by the district, while the information from Ministry of Finance planning and Economic Development (MoFPED) showed releases of UGX 23,577,267,232 thus a discrepancy of UGX 216,379,460. The Accounting officer should explain to the committee the cause of the anomaly. Was the said money recovered back by the ministry of finance planning and Economic
Development?

5.5 District Indebtedness

A review of the District Executive Committee minutes revealed that the district is indebted to the tune of UGX 442,965,535. There was no evidence to show how the above indebtedness was not incurred and it was not disclosed in the financial statements. The committee should find out from the management whether the debts were cleared.

5.6 The Luwero-Rwenzori Development Programme

The district paid UGX 385,822,096 under the Luwero-Rwenzori Development Programme (LRDP) funded by the office of the Prime Minister to various beneficiaries. However, the beneficiaries of the funds did not maintain any records or books of account. As a result, there were no accountabilities provided for verification. The committee should task the accounting officer to account for the said funds. Management should explain the systems put in place to ease control and monitoring such funds.

5.7 Underutilization of funds meant for drugs

A review of supply of drugs by National Medical Stores (NMS) under the line of credit system revealed that out of UGX 882,433,232 deposited with NMS, only UGX 714,848,586 worth of drugs were supplied leaving an outstanding balance of UGX 173,584,646. The committee should find out from the management supply reconciled with the amount deposited or was the money recovered?

5.8 Construction of Ward at Nyimbwa HC IV UGX

A firm was contracted to carry out the construction of a general ward at Nyimbwa HC IV, Phase II at a contract price of UGX 103,508,975. The works were completed and the contractor fully paid except for retention fees. An audit inspection conducted in October 2013 revealed that the floor of the General Ward had developed cracks before commissioning. The committee should find out whether the contractor corrected the problem. Were the contractor and supervisors apprehended?
5.9 Stores Register

Audit observed that the stores register was not up-to-date. Consequently, there was uncertainty whether all deliveries were recorded in the stores. The management should explain to the committee the cause of the anomaly. Management should explain the systems put in place to stop the anomaly from re-occurring.

6.0 MPIGI DLG

6.1 Un-reconciling Cash and Cash Equivalents

The reported closing cash and cash equivalents in the balance sheet of UGX359,912,744 was not reconciled with the negative cash and cash equivalents of UGX754,396,028 in the cash flow statement, which is the reconciled position after adjustment with the negative opening balance of UGX580,023,039. The management should explain the cause of the anomaly. Were the financial statements reconciled?

6.2 Overpayments for road contracts

Firms were awarded measurement contracts for road works with a provision of three months retention at 5% on substantial completion. It was noted during audit that three firms awarded road contracts were overpaid by UGX8,320,989. This was as a result of wrong computation as detailed in the table below.

Table 52: Overpayments for road contracts

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Amount UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petra Technical Services Ltd</td>
<td>4,061,030</td>
</tr>
<tr>
<td>Kit com</td>
<td>1,387,209</td>
</tr>
<tr>
<td>Lumanyo Technical Services</td>
<td>2,872,750</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,320,989</td>
</tr>
</tbody>
</table>

The committee should find out from the Accounting Officer whether the funds were recovered from the said contractors. Were the requisitions made by the IFMs tally with the certificates raised by the originating department?
6.3 Ethical Code of Conduct

Members of all the various evaluation committees did not sign the above form contrary to the above regulation. The management should avail to the committee the signed codes of conduct the members of the committees.

6.4 Reconciliation of Treasury releases

According to the financial statements, government grants received from the treasury amounted to UGX 12,620,828,205. However, the information obtained from the Accountant General revealed that treasury releases to the District amounted to UGX 12,844,020,029. There is a difference of UGX 223,191,820 that require reconciliation. The Accounting Officer should explain to the committee the cause of the difference. Did the Accounting Officer reconcile the figures with the Accounting General?

6.5 Diversion of Funds by Lower NGO Health units

The utilization of Non-Wage conditional grant from government is categorized as below:

- Service delivery (drugs and outreach service) - 50%
- Personnel emoluments (safari day and transport allowance) - 25%
- Utility and administration 20%

Minor renovation 5%

A total of UGX 87,297,000 was transferred by the Health Department to lower NGO Health units to be utilized in accordance with the above guidelines. It was observed that out of this amount, UGX 24,809,000 was diverted to paying salaries. The Accounting officer should explain to the committee the cause of this anomaly. Were the misallocated fund recovered back to the rightful account?

6.6 Non-remittance of shared revenue

It was observed that the District did not remit UGX 102,997,669 to the Lower Local Governments as their share of 65% of the total revenue collection.
The Accounting Officer should explain to the committee the systems put in place to avoid the anomaly from re-occurring. The committee should find out from the Accounting officer the required funds were remitted to the lower local Governments.

6.7 Construction of 2 stance lined pit latrines for People with disabilities

The District constructed a pit latrine for people with disabilities at Administration block under LGMSDP by a private firm at UGX 6,500,300.

It was, however, observed that the pit latrine was constructed on a raised ground without provision for a ramp. The Management should explain to the committee whether the latrine structures were improved. Have the ramps been placed?

7.0 Mukono DLG

7.1 Budget Performance

UGX2. 906,217,000 was budgeted for but UGX1, 201,216,636 was released by Central Government leading to a shortfall of UGX1, 695,000,364. Refer to table below.

Table 53: Budget performance

<table>
<thead>
<tr>
<th>Code</th>
<th>Budgeted Amount (UGX)</th>
<th>Actual Received</th>
<th>Variance (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGMSD</td>
<td>1,374,902.0</td>
<td>618,096.0</td>
<td>756,806,000</td>
</tr>
<tr>
<td>Rural Water</td>
<td>889,941.0</td>
<td>394,136.0</td>
<td>495,805,000</td>
</tr>
<tr>
<td>PHC</td>
<td>235,574.0</td>
<td>96,551.0</td>
<td>139,023,000</td>
</tr>
<tr>
<td>SFG</td>
<td>405,800.0</td>
<td>92,433.6</td>
<td>313,366,364</td>
</tr>
<tr>
<td></td>
<td>2,906,217.00</td>
<td>1,201,216.63</td>
<td>1,695,000,364</td>
</tr>
</tbody>
</table>

The Accounting officer should explain to the committee the cause of the shortfall. Was the shortfall covered by the concerned authorities?

7.2 Text book pupil ratio

The text book pupil ratio was established to be 1:4 whereas the recommended ratio
from the Ministry of Education is 1 2 The management should explain to the committee the system put in place to improve the ratio

7.3 Reconciliation of Central Government Grants

Out of the revised approved budget of UGX22, 679,039,000, only UGX 21,813,745,597 was received and acknowledged by the district However the information obtained from MOFED showed that releases to the district amount to UGX 21,550,630,524 thus a discrepancy of UGX 263,115,073 The committee should task the management to explain whether the accounts were reconciled The Accounting officer should explain the cause of the anomaly The accounting officer should account for the discrepancy

7.4 Uncollected Property Rates

Audit established that the District budgeted to collect UGX50, 000,000 from property rates but at the end of the year no revenue was realized from this source The committee should find out from the Accounting officer whether the contracted firm was apprehended? What systems have been put in place to collect the taxes? Did the legal pursue recovery?

7.5 Unsafe Drinking Water from Boreholes

A firm was contracted to drill 9 boreholes in the district at a contract price of UGX129,087,849 A number of irregularities were noted as follows,

- there were no water user committees at some sources such as at DWD-34933 in Makuluba Village and DWD-34962 in Kibamba village
- Water from boreholes was dirty and contained a lot of iron making it unsafe for human consumption at four of the sites inspected
- Out of the 9 boreholes one worth UGX12, 753,000 was found to be a dry well
- Two borehole sites were abandoned by the communities due to contamination

The committee should find out from the management whether the pipes were replaced? The management should explain to the committee the causes of the above anomalies
7.6 Unauthorized Expenditure

A sum of UGX 1,838,961,388 was spent over and above the approved estimates of Administration and works departments. However, the necessary authorization was not availed for audit. The management should account for over spent funds. What was the cause of the anomaly?

7.7 Reconciliation of Treasury releases

The financial statements indicated that the District received a sum of UGX 21,813,745.597 in respect of Treasury releases. However, information obtained from the Accountant General revealed that UGX 21,766,124.148 was released from the Treasury, occasioning a difference of UGX 46,900,733. The committee should find out from the Accounting Officer reconciled the figures. The Accounting officer should explain the cause of discrepancy.

7.8 Financial year Unapproved 2% Inspection Fees

The District levied and collected revenue of UGX 8,105,968 as a 2% inspection fees from contracts without approval of the Minister. The committee should find out from the Accounting officer whether consultation was made with the Ministry of Local Government.

7.9 Construction of staff house at Namasumbi HCII

A Contractor was hired to carry out Construction of a staff house at Namasumbi HCII at a price of UGX 47,135,660. At the time of audit UGX 14,097,000 had been paid to the contractor. On inspection, however, the structure had been abandoned at wall plate level. The management should explain the cause of the anomaly. Was the project completed?

8.0 Nakaseke DLG

8.1 Budget Performance
Over the 2 financial years 2010/11 and 2012/13, UGX31, 081,573,625 was budgeted for but UGX25, 768,008,961 was released by Central Government leading to a shortfall of UGX 531,356,464. The Accounting officer should explain the cause of the anomaly. The committee should find out from the management whether the accounts were reconciled.

8.2 Performance Ratios in Primary Leaving Exams (UPE) 2006-2010

Performance had been improving gradually as noted from the year 2008 to 2010. The table refers:

Table 54: UPE Results In Nakaseke DA Primary Schools from 2006-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>NO. of Candidates</th>
<th>DIV I</th>
<th>DIV II</th>
<th>DIV III</th>
<th>DIV IV</th>
<th>DIV U</th>
<th>DIV X</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Boys</td>
<td>Girls</td>
<td>Boys</td>
<td>Girls</td>
<td>Boys</td>
<td>Girls</td>
</tr>
<tr>
<td>2010</td>
<td>3,426</td>
<td>85</td>
<td>51</td>
<td>662</td>
<td>614</td>
<td>347</td>
<td>521</td>
</tr>
<tr>
<td>2009</td>
<td>3,573</td>
<td>51</td>
<td>44</td>
<td>543</td>
<td>711</td>
<td>514</td>
<td>399</td>
</tr>
<tr>
<td>2008</td>
<td>3,202</td>
<td>21</td>
<td>09</td>
<td>433</td>
<td>387</td>
<td>396</td>
<td>521</td>
</tr>
<tr>
<td>2007</td>
<td>3,023</td>
<td>47</td>
<td>30</td>
<td>646</td>
<td>520</td>
<td>315</td>
<td>399</td>
</tr>
<tr>
<td>2006</td>
<td>2,867</td>
<td>40</td>
<td>55</td>
<td>540</td>
<td>590</td>
<td>198</td>
<td>357</td>
</tr>
</tbody>
</table>

The numbers of pupils in division U and division X is at an average of 23% of the total number of the pupils sitting for primary leaving examination. The management should explain to the committee the systems put in place to improve the performance.

8.3 Financial Reporting by Primary Schools

All the 113 government aided primary schools audited had not prepared financial statements and no presentation was made to the sub-county. The committee should find out from the management whether the head teachers received the necessary training. Have the financial statements been presented to the sub country accountants.
8.4 Doubtful Advances

Advances of UGX13, 600,000 disclosed in the balance sheet do not have a corresponding cash outflow in the cash flow statements rendering them doubtful.

This amount does not tally with UGX27, 496,563 arising out of examination of records. The committee should task the Accounting officer to account for the said funds. Who are the officers involved in this anomaly? Was the money recovered?

8.5 Irregular Payments from the Transport Revolving Fund

A total of UGX13, 500,000 was paid to 3 staff for this purpose. However details relating to the vehicles acquired especially the log books were not availed for verification.

At the time of Audit there was uncertainty whether the funds were used for the intended purpose. Besides, UGX2, 500,000 was paid from the Transport Revolving Fund account to meet tuition fees for two staff which was irregular. Details are shown in the table below.

Table 55: Irregular Payments from the Transport Revolving Fund

<table>
<thead>
<tr>
<th>VOUCHER NO</th>
<th>PAYEE</th>
<th>DETAILS</th>
<th>AMOUNT PAID(UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/12/2011</td>
<td>Jojojo Steven</td>
<td>advance payment to meet tuition fees payment</td>
<td>1,500,000</td>
</tr>
<tr>
<td>1/4/2011</td>
<td>Muteten Hamet</td>
<td>tuition fees</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2/12/2011</td>
<td>Makanga</td>
<td>motorcycle loan advance</td>
<td>1,500,000</td>
</tr>
<tr>
<td>1/6/2012</td>
<td>Nyongere Enoch</td>
<td>Loan for purchase of vehicle</td>
<td>9,000,000</td>
</tr>
<tr>
<td>2/6/2012</td>
<td>Rwabinnda Fred</td>
<td>Loan for purchase of motorcycle</td>
<td>3,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>16,000,000</strong></td>
</tr>
</tbody>
</table>

The committee should task the management to account for the said funds. The management should explain to the committee the cause of the anomaly. Was the scheme assessed before committing the funds?
8.6 Lack of a contracts register

A contracts register records all details relating to payments, retention monies and penalties on contracts undertaken within a financial year was missing. The management should avail to the committee all the contracts register.

8.7 Use of poor materials in upgrading of Naluvule Livestock market

The works for upgrading of Naluvule Livestock market were contracted to a firm at a cost of UGX 22,775,500. which was executed between 18/4/2012 and 30/6/2012, out of this amount UGX 21,110,045 had been paid to the contractor. Field inspections revealed that all the pipes which were used in the construction were old and rusted. The committee should find out from the management whether the contractors and supervisors were apprehended? Were the pipes replaced with new ones?

8.8 Outstanding Payables

The district had accumulated payables amounting to UGX 286,494,532. During audit, details of the services allegedly provided to confirm the authenticity of the liabilities were not availed. The committee should task the Accounting officer to account for the liability. Have the payable been settled?

8.9 Disbursement of Luwero – Rwenzori funds

The district received UGX575, 090,000 from the Office of the Prime Minister (OPM) to be passed to beneficiaries under the Luwero-Rwenzori Development Program (LRDP). Accordingly, UGX 361,040,000 was paid to different beneficiaries in different sub counties. The beneficiaries of the funds did not maintain any records hence no proper accountabilities for the expenditure. Besides, progress reports on activities implemented were not prepared by both the district and sub counties. It was further noted that the district had limited control over the funds and hence could not enforce on accountability. The committee should find out from the Accounting officer whether all the accountabilities and reports were received. Which system has been put in place to improve the control system?

8.10 Defaulters of the Transport Revolving Fund
A review of the transport revolving fund revealed that a number of staff who obtained loans from the scheme, had defaulted to pay a sum of UGX 18, 561,675. Council instituted a surcharge of 15% on all the defaulters resulting into a total amount of UGX 21, 345,926, recoverable, now outstanding at UGX 39,907,601. The above amounts were not disclosed in the financial statements. The committee should find out from the Accounting Officer whether the funds were recovered. Who are the defaulters? What are the loan advances? Which systems have been put in place to stop the anomaly from re-occurring?

8.11 Management of the Luwero– Rwenzori Programme

The District received UGX 914, 432,176 through the Office of the Prime Minister (OPM) for implementation of income generating activities under the Luwero-Rwenzori Development Programme (LRDP). The audit revealed that an amount of UGX 83, 850,000 paid to various beneficiaries to start up various projects was not accounted for by the respective recipients, as shown in the table below.

Table 56. Unaccounted for funds – Luwero Rwenzori Program

<table>
<thead>
<tr>
<th>Voucher</th>
<th>Cheque</th>
<th>Amount</th>
<th>Payee</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/4/2014</td>
<td>5249</td>
<td>25,000,000</td>
<td>ADSF Investment (U) Ltd</td>
<td>Construction of Maize Mill at Semuto</td>
</tr>
<tr>
<td>4/3/2014</td>
<td>5241</td>
<td>31,850,000</td>
<td>Kakyusa Model Parish</td>
<td>Maize Mill Project</td>
</tr>
<tr>
<td>8/6/2014</td>
<td>5281</td>
<td>15,000,000</td>
<td>Kakenimbe Bee</td>
<td>Special Micro Project Support</td>
</tr>
<tr>
<td>7/6/2014</td>
<td>5280</td>
<td>12,000,000</td>
<td>Mpudde Cattle Devt</td>
<td>Special Micro Project Support</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>83,850,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The committee should ask the management to avail accountability of UGX 83, 850,000.

9 0 NAKASONGOLA DLG

9 1 Budget under Performance

UGX5,306,555,553 was budgeted for but UGX4,166,714,596 was released by
Central Government leading to a shortfall of UGX1,139,840,957. The Accounting Officer should explain to the committee the cause of underperformance. Which systems have been put in place to ensure that the anomaly does not re-occur?

9.2 Reconciliation of Central Government Grants

The district financial statements indicated that out of the revised approved budget of UGX26,001,370,792 only UGX24,725,104,234 was received by the district, while the information from MoFPED showed a disbursement of UGX1,272,097,529.

Table 57: Reconciliation of Central Government Grants

<table>
<thead>
<tr>
<th>Years</th>
<th>Approved budget</th>
<th>Released funds</th>
<th>Discrepancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>UGX12,687,738,344</td>
<td>UGX12,130,813,912</td>
<td>UGX 552,755,403</td>
</tr>
<tr>
<td>2012/13</td>
<td>UGX13,313,632,448</td>
<td>UGX12,594,290,322</td>
<td>UGX 719,342,126</td>
</tr>
<tr>
<td>Total</td>
<td>UGX26,001,370,792</td>
<td>UGX24,725,104,234</td>
<td>UGX1,272,097,529</td>
</tr>
</tbody>
</table>

The management should explain the cause of the anomaly. The committee should find out from the management whether differences were reconciled.

9.3 Poor Performance in PLE examinations

A review of the performance of Universal Primary Education for the past five years revealed that the performance of PLE was still poor. A sample of 16,154 pupils revealed a failure rate of 12%. Division one had a meager 6%, although it showed a steady improvement. The highest number of pupils passed in Division two at 42%, as detailed below.

Table 58: PLE performance over 5 years

<table>
<thead>
<tr>
<th></th>
<th>Division 1</th>
<th>Division 2</th>
<th>Division 3</th>
<th>Division 4</th>
<th>U</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>105</td>
<td>980</td>
<td>1030</td>
<td>370</td>
<td>510</td>
<td>2975</td>
</tr>
<tr>
<td>2009</td>
<td>197</td>
<td>1308353</td>
<td>419</td>
<td></td>
<td>289</td>
<td>3175</td>
</tr>
<tr>
<td>2010</td>
<td>173</td>
<td>1536840</td>
<td>356</td>
<td></td>
<td>262</td>
<td>3167</td>
</tr>
<tr>
<td>2011</td>
<td>251</td>
<td>1473730</td>
<td>465</td>
<td></td>
<td>432</td>
<td>3351</td>
</tr>
<tr>
<td>2012</td>
<td>252</td>
<td>1558741</td>
<td>516</td>
<td></td>
<td>428</td>
<td>3495</td>
</tr>
</tbody>
</table>
The committee should find out from the management whether the staffing gap was covered. The management should explain to the committee the systems put in place to improve the performance.

9.4 Land Wrangles

A number of schools had land wrangles with their landlords, who threatened to sue the schools for trespass and demanded to be compensated by the school authorities at exorbitant rates. The schools with land wrangles included the following:

Table 59: land wrangles

<table>
<thead>
<tr>
<th>Wabisisa P/S</th>
<th>Malengera P/S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nabukoteka UMEA P/S and</td>
<td>Kirowoza P/S</td>
</tr>
<tr>
<td>Nakatuuba P/S</td>
<td>Kamunina P/S</td>
</tr>
<tr>
<td>Kapundo P/S</td>
<td></td>
</tr>
</tbody>
</table>

The committee should find out from the management the cause of the anomaly. Management should explain how far they have gone with settling the matter. Have the land titles been got?

9.5 Outstanding Pension Liability

The district had outstanding pension liability of UGX 155,265,909. The committee should find out from the management whether the liability was settled.

9.6 Engineering Report

A total of 30 projects (27 for routine manual maintenance and 3 for routine mechanized maintenance) were executed by the district during the Financial Year under review. The 3 projects which were executed under routine mechanized maintenance were selected for the audit as shown below.

Table 60 Projects selected for audit
<table>
<thead>
<tr>
<th>S/n</th>
<th>Project</th>
<th>Length (Km)</th>
<th>Intervention</th>
<th>Planned Period</th>
<th>Amount Budgeted</th>
<th>Expenditure as of quarter 4 (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kakooge-Kalerre</td>
<td>23.8</td>
<td>Routine</td>
<td>Q1,Q2,Q3,Q4</td>
<td>93,991,000</td>
<td>93,815,000</td>
</tr>
<tr>
<td>2</td>
<td>Kalere-Kalongo</td>
<td>15</td>
<td>Routine</td>
<td>Q1,Q2,Q3,Q4</td>
<td>66,500,000</td>
<td>66,500,000</td>
</tr>
<tr>
<td>3</td>
<td>Lwabanyomobi-Gi-</td>
<td>7</td>
<td>Routine</td>
<td>Q2,Q4</td>
<td>35,379,000</td>
<td>35,379,000</td>
</tr>
</tbody>
</table>

Source: Nakasongola DUCAR accountability report Quarter 4 FY 2013/14

The Committee should ask the Accounting officer to provide matched costs with the production rates for the different mechanical units to support the cost estimates.

Were the culverts tested?

10  WAKISO DLG

10 1 Un-vouched Expenditure

Payment vouchers for UGX 52,586,000 under Health programme were not availed for audit. The committee should task the management to account for the said funds.

10 2 Unprotected Land

Part of the land where the Tuberculosis Isolation ward is located was not fenced for protection it from encroachers and as a result it had been encroached on by three families. The committee should find out from the management whether the hospital has a perimeter fence. Have the encroachers been evicted?

10.3 Double Payments

A review of the available records obtained from the Gombe S A S (Sub county Chief) and an Interview held indicated that Prince Ssuna Staff House Construction is a
project which was financed by the Sub County budget. Audit noted that the same amount of UGX 29,315,769 was spent on this same project by the District with no separate contract signed. The committee should find out from the management whether the funds were recovered? What was the cause of the anomaly? Who was the involved?

10.5 Idle Maize and Rice Milling Plant (Agro-processing) at Namulonge

The District invested UGX 269,000,000 in the Maize and Rice Processing Plant in the Financial Year 2009-10, at Namulonge with the objective of enhancing incomes of the Local Population. However, at the time of inspection, the Plant was idle and abandoned. The committee should find out from the management the status of the plant. Was the management able to secure someone to operate the plant?

10.6 Unpaid rental Income from Markets

Analysis of the Payments data indicated that some lock ups, pitches and sheds' owners did not fulfill their obligations to pay rentals while others had arrears for three years amounting to a total of UGX 133,295,000 as indicated below.

Table 61 Unpaid Rental Income from markets

<table>
<thead>
<tr>
<th>Market</th>
<th>particulars</th>
<th>Expected amount</th>
<th>Amount paid</th>
<th>Unpaid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kajansi</td>
<td>Lock ups</td>
<td>138,200,000</td>
<td>132,605,000</td>
<td>5,595,000</td>
</tr>
<tr>
<td></td>
<td>Stalls</td>
<td>24,000,000</td>
<td>10,500,000</td>
<td>13,500,000</td>
</tr>
<tr>
<td></td>
<td>Pitches</td>
<td>13,000,000</td>
<td>3,300,000</td>
<td>9,700,000</td>
</tr>
<tr>
<td></td>
<td>Sheds</td>
<td>5,800,000</td>
<td>2,100,000</td>
<td>3,700,000</td>
</tr>
<tr>
<td></td>
<td>Sub Total</td>
<td>181,000,000</td>
<td>148,000,000</td>
<td>32,495,000</td>
</tr>
<tr>
<td>Baita</td>
<td>Lock ups</td>
<td>108,400,000</td>
<td>70,000,000</td>
<td>38,400,000</td>
</tr>
<tr>
<td></td>
<td>Stalls</td>
<td>26,000,000</td>
<td>10,400,000</td>
<td>15,600,000</td>
</tr>
<tr>
<td></td>
<td>Pitches</td>
<td>6,200,000</td>
<td>1,950,000</td>
<td>4,250,000</td>
</tr>
<tr>
<td></td>
<td>Sheds</td>
<td>1,800,000</td>
<td>700,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td></td>
<td>Sub Total</td>
<td>142,400,000</td>
<td>83,050,000</td>
<td>59,350,000</td>
</tr>
<tr>
<td>Bulaga</td>
<td>Lock ups</td>
<td>26,250,000</td>
<td>400,000</td>
<td>25,850,000</td>
</tr>
<tr>
<td></td>
<td>Stalls</td>
<td>14,400,000</td>
<td>0</td>
<td>14,400,000</td>
</tr>
<tr>
<td></td>
<td>Sheds</td>
<td>1,200,000</td>
<td>0</td>
<td>1,200,000</td>
</tr>
</tbody>
</table>
### Sub Total

<table>
<thead>
<tr>
<th></th>
<th>41,850,000</th>
<th>400,000</th>
<th>41,450,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant</td>
<td>365,250,000</td>
<td>231,955,000</td>
<td>133,295,000</td>
</tr>
</tbody>
</table>

The committee should find out from the management whether the arrears were recovered. Have the vendors been sensitized? What is the market policy?

10.7 **Wasteful Expenditure on Legal Services**

A sum of UGX 50, 493,166 was spent on legal services as Retainer fees to a law firm in respect of Compensations for illegal encroachments by the District as settlements out of court to various land owners. The management should explain to the committee the cause of the anomaly. What systems have been in put place to avoid the anomaly?

10.8 **Doubtful settlement of payables**

During the year, the district paid a total of UGX 46,475,934 as settlement of outstanding domestic arrears to suppliers and service providers. A review of the prior year final accounts revealed that out of a total amount, UGX 14,543,600 had not been declared in the final accounts and are therefore doubtful. The Accounting officer should account for the said funds.

10.9 **Expired Valuation list**

It was however noted that property valuation for Makindye rating area was last done in 2007, implying that the valuation list is out dated. The committee should find out form the management whether the valuation list was updated.

10.10 **Operation of Numerous Revenue Accounts**

It was observed that the district operated several revenue collection accounts which included, Crane Bank for Market rent, Centenary account for Land fees and Stanbic account for Local service Tax. The committee should task the management to produce details of all the financial statements from all banks.
11 Entebbe MC

11.1 Payables UGX180, 257,430

A total amount of UGX180, 257,430 remained outstanding as payables at the end of the year under review. The management should explain the cause of the anomaly. Have all the payables been cleared?

11.2 Overstocked drugs

It was observed that the health Centre has big stocks of slow moving drugs like cough syrups, hypertension drugs, injectable etc which were due to expire in the stores. The management should explain the system put in place to avoid the anomaly from reappearing.

11.5 Reconciliation of Central Government Grants

The Municipal financial statements revealed that out of the revised approved budget of UGX5, 707,637,019, only UGX5, 006,485,126 was received. However according to the MOFPED records the amount of releases disbursed to the municipality was UGX4, 632,273,868 with a difference of UGX374,211,258. The committee should find out from the Accounting Officer whether the matter was reconciled. The Accounting officer should explain the cause of the anomaly.

11.6 Board of Survey Report

Contrary to this regulation, no board of survey was done to ascertain the position of assets and stores and other security arrangements. The management should explain the cause of the query. Was the board of survey conducted?

11.7 Outstanding Payables

Payables totaling to UGX 136, 900,443 remained unsettled at the end of the year. The committee should find out from the Accounting Officer whether all the outstanding
payables were cleared? What was the cause of the litigation costs? How much interest and legal costs were paid?

12.1 Under Funding

UGX8,391,427,074 was budgeted in key sectors of service delivery for the year under review, only UGX4,238,827,023 was released by Treasury resulting in an under funding gap of UGX4,152,600,051. The management should explain to the committee the systems put in place to increase funding. What was the cause of the underfunding?

12.1 Suspected Ghost Pupils in Kyasereker P/S

A physical inspection of the primary schools revealed that in one of the schools, Kyasereker Primary School it was established that out of the 568 children declared as being registered in the schools, a physical head count revealed that there were only 118 children present. Details in the table below:

Table 62. Suspected Ghost Pupils

<table>
<thead>
<tr>
<th>Class</th>
<th>School Records</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>96</td>
<td>13</td>
</tr>
<tr>
<td>P2</td>
<td>95</td>
<td>14</td>
</tr>
<tr>
<td>P3</td>
<td>93</td>
<td>17</td>
</tr>
<tr>
<td>P4</td>
<td>95</td>
<td>14</td>
</tr>
<tr>
<td>P5</td>
<td>80</td>
<td>14</td>
</tr>
<tr>
<td>P6</td>
<td>75</td>
<td>21</td>
</tr>
<tr>
<td>P7</td>
<td>34</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>568</td>
<td>118</td>
</tr>
</tbody>
</table>

The committee should find out from the accounting officer whether the lost funds were recovered. What was the outcome of the investigation? Which system has the management put in place to increase the enrolment of the pupils?
12.2 Un-updated valuation roll for property tax

It was noted that Property valuation in Mukono Municipal Council was last done in 2006. This means that all new premises established after 2006 have not been included on property valuation. As a result, UGX 93,372,914 disclosed in the financial statements as revenue from property tax is an under collection. Accounting officer should explain to the committee the cause of the anomaly. Was the valuation list updated? Did the Accounting officer sign any revenue contract with reserve prices?

12.3 Outstanding Creditors

For the years 2010/11 and 2012/13 payables totaling UGX 93,049,050 remained unsettled at the end of the financial years. The committee should find out from the Accounting officer whether the outstanding payables were settled.

12.4 Evaluation of Internal Audit Function

It was observed that, out of the three approved positions, only two were filled, leaving one vacant post. In addition, it was observed that the unit was underfunded with only UGX 7, 100,000 released to it, out of the budgeted UGX 15, 642,000. The committee should find out from the Accounting officer whether audit department vacant positions were filled. Has the funding to the department been increased?
F – MASAKA AUDIT REGION

10 BUKOMANSIMBI DLG

11 Budget Performance
A review of the approved budget estimates for the year, approved work plans and reports from department all heads revealed the following -

Table 1 showing budget performance

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budget UGX</th>
<th>Received UGX</th>
<th>Short fall UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>8,063,226,193</td>
<td>7,372,189,704</td>
<td>691,036,489</td>
</tr>
<tr>
<td>2011/12</td>
<td>9,289,132,000</td>
<td>8,346,394,847</td>
<td>942,737,153</td>
</tr>
<tr>
<td>TOTAL</td>
<td>17,352,358,193</td>
<td>15,718,584,551</td>
<td>1,633,773,642</td>
</tr>
</tbody>
</table>

These affected service delivery and slowed down implementation of critical services that were consumed by the community.

The committee should find out if management identified and adequately addressed the causes of underperformance.

The committee should ascertain whether management liaised with relevant ministries to improve on the district funding.

The committee should encourage Local governments to use other sources of revenue within.

12 Reconciliation of Central Government grants (treasury releases to Districts)

According to the financial statements of the district UGX 8, 162,545,342 were received in respect of government grants. However, the MOFPED records indicate that the total releases to the District were UGX 7, 365,800,071. There was a difference of UGX 796,645,271 that need reconciliation.
Management was advised to reconcile these figures with the treasury and obtain a certificate of reconciliation. The difference if any should be investigated.

The committee should find out if the head of finance reconciled the figures.

The committee should find out from the accounting officer whether he carried out investigation to reconcile the difference in the release of funds.

The committee should verify whether the accounting officer presented certificates of reconciliation.

1.3 Failure to implement projects

The review of the overall budget performance of the District revealed that, the District did not undertake and/or complete the following activities/projects contained in their approved work plan.

<table>
<thead>
<tr>
<th>Department</th>
<th>Project</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works</td>
<td>Bukomansimbi- Bulenge Road</td>
<td>200,000,000</td>
<td>Not undertaken</td>
</tr>
<tr>
<td></td>
<td>Kawoko-Kataaba-Kigangazi Road</td>
<td>200,000,000</td>
<td>Not undertaken</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td>53,600,000</td>
<td>Incomplete at flooring stage</td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td>40,000,000</td>
<td>Roofing stage</td>
</tr>
<tr>
<td>Water</td>
<td>Design Of Buyoga-</td>
<td>29,000,000</td>
<td>Not implemented</td>
</tr>
</tbody>
</table>
Management explained that the failure to implement projects was due to insufficient funds.

The committee should ascertain whether the Accounting officer ensured that the planned activities were budgeted for.

The committee should verify whether the Accounting Officer adjusted the budget work plans when funds fell below.

14 Non maintenance of constructed wells

Contractor: Karobs Ltd

Cost: 4,400,000

Start date: Dec 2011

End date: March 2012

The shallow well is not well maintained, dirty and not fenced. The water was not safe and secure. Hand dug well Kiryasaaka parish in Kibinge S/C

Contractor: K S Richards & Sons Ltd. Contractors

Cost: 4,400,000

Start date: Jan 2012

End date: April 2012

The hand dug well is threatened by thick vegetation. It is not fenced and is inadequately cleaned.

15 Excess Expenditure on District Emoluments and Allowances

<table>
<thead>
<tr>
<th>Misanvu Piped water supply system</th>
<th>522,600,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>
Management spent in excess of its income on councilors’ emoluments by UGX 37, 034,701

The over expenditure on council emoluments and allowances negatively affected other planned activities

The committee should verify whether the Accounting Officer adhered to the Local Government Financial and Accounting Regulations, 2007

1.6 Central Government Grants

According to the financial statements the district received UGX 7, 997,386,909 from the Treasury. However, records in the Accountant General’s Office indicate that the treasury released UGX 7, 814,421,180 in respect of government grants. The difference of UGX 182,965,729 was not explained.

The committee should ascertain whether the Accounting Officer liaised with MoFPED and reconciled the difference in the released figures

1.7 Cash and Cash Equivalents

The District had a cash and cash equivalent figure of UGX 52,456,410 unutilized as at 30/06/13 (Note2). This implies under absorption of funds which negatively impacted on service delivery.

The committee should ascertain whether the Accounting Officer ensured that released funds were absorbed

1.8 Construction of 4 motorized drilled wells lot 3 at Butenga sub county-Kisabwa

Motorized well

The District entered into a contract with Bakaulali High Quality Contractors Ltd for the construction of 4 motorized drilled wells lot 3 at Butenga Sub-county under ref Buko600/works/12-13/00024 at a contract sum of UGX 28,600,000. The contract started in February 2013 and was supposed to have been completed in June 2013. At year end UGX 25,574,000 had been paid to the contractor. During inspection on 1st October 2013, the following were noted.
1.9 The Water committee was not functional

It took too long (about 3 minutes) to pump out water on a test during inspection rendering the effectiveness of the pump questionable.

The committee should ascertain whether the Accounting Officer ensured that the identified snags were rectified before payment of retention to the contractor.

1.10 Inadequate controls to safeguard District assets

However, it was observed that the District lacks a strong room for safe custody of council assets.

In the absence of a strong room there was a risk of losses of valuable assets of the council.

The committee should ascertain whether the Accounting Officer ensured adequate internal control measures to mitigate risk.

2.0 KALANGALA DLG

2.1 Government Grants

According to the financial statement of the district, UGX 5, 649,063,462 was released by the Central Government to the district. However, according to records in the Accountant General’s office, the Treasury released UGX 5, 829,898,594 occasioning a difference of UGX 180, 835,132 which was not explained.

This discrepancy of grants can lead to distractions when it comes to implementation of services.

The committee should verify whether the Accounting Officer reconciled the difference and ensured that necessary adjustments were made to the financial statements.

The Committee should verify whether the accounting officer liaised with Ministry of Finance and Economic Development to reconcile their financial statements.

2.2 Budget Performance
Table 3 Showing Budget Performance

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budget UGX</th>
<th>Received UGX</th>
<th>Short fall UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>11,697,358,913</td>
<td>11,469,841,783</td>
<td>227,517,130</td>
</tr>
<tr>
<td>2011/12</td>
<td>13,895,235,379</td>
<td>12,898,622,777</td>
<td>996,612,602</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,895,235,379</strong></td>
<td><strong>12,898,622,777</strong></td>
<td><strong>1,224,129,732</strong></td>
</tr>
</tbody>
</table>

The Accounting Officer attributed this shortfall to budget cuts during the financial year by Central Government and low local revenue base. This adversely affected service delivery.

The committee should find out from the Accounting Officer whether he reconciled the difference in the released fund.

The committee should verify whether management liaised with Ministry of Finance for more funding.

2.3 Supply of Bicycles

The District received a grant of UGX 33,000,000 (114 bicycles) at the end of the financial year for procurement of LC I & II officials' bicycles. However, only 110 bicycles were issued out to Local Council officials leaving a balance of four bicycles valued at UGX 1,157,895 unaccounted for.

The committee should ascertain whether the Accounting Officer accounted for the missing bicycles or else monies were recovered from the responsible officer.

The committee should further stress the issue of paying money meant for activities if at all it were diverted.

2.4 Co-funding

The NAADS guidelines require co-funding of the NAADS activities by the district, sub counties and farmers. However, it was noted that UGX 6, 520,054 was not availed for co-funding NAADS activities during the year.

When such activities are not given the priority agriculture is at stake as an economic activity.

The committee should verify whether the Accounting Officer ensured that NAADS activities were co-funded to comply with the guidelines.
2.5 Reconciliation of central government grants (treasury releases to Districts)

There was a discrepancy of actual grants indicated as received by the district from the MoFPED and the actual amounts released by MoFPED to the district of UGX 750,731,478. The District financial statements revealed that UGX 5,565,695,533 were received while the information from MoFPED showed total releases of UGX 6,316,427,011.

The committee should verify whether accounting officer reconciled the figures.

2.6 Inspection

The audit inspection on various projects revealed the following -

2.7 Water

Buyin Hand dug well shallow was contracted at sum UGX 8,000,000. It was however noted that the area around the shallow well is dirty. The borehole pump is also not engraved.

The committee should verify whether management engraved all the borehole pumps.

2.9 Works Production

Kitobo Fish handling facility the project is a „white elephant” it was handed over August 2011 however it is not yet in use. There was no documentation on, the purpose of the project, and its utilization policy guidelines for the project as shown below.

The committee should verify from management there documentations on the purpose of the project.

The committee should also verify whether there was a utilization policy guideline for the project from management.

3.0 KIBOGA DLG
3.1 Under-disbursement of Luwero-Rwenzori development funds

During the financial year, the Permanent Secretary, Office of the Prime Minister (OPM), wrote to the Accounting Officer that he had disbursed UGX 181,900,000 for Luwero-Rwenzori development projects. However, only UGX 176,900,000 were received on the District account. There was therefore under-disbursement by UGX 5,000,000.

Management stated that the District received less funds by UGX 5,000,000 which was brought to the attention of the OPM.

This hinders implementation of activities of the Luwero – Rwenzori beneficiaries.

The Committee should ascertain if management of the Luwero-Rwenzori followed up with OPM and requested for the balance of funds.

3.2 Suspected Deposits of Revenue

A review of the internal audit quarterly reports revealed a deposit of revenue of UGX 19,001,323 was lodged with the bank. However, it remained uncredited to the account of the district for the whole financial year.

The committee should ascertain from management whether the reports of internal audit were acted upon.

The committee should ascertain whether management investigated the fate of the deposit needed.

3.3 Poor Recovery of Luwero-Rwenzori Funds

The District disbursed grants of UGX 208,000,000 to sub-counties under Luwero – Rwenzori program. The funds were disbursed to the sub-counties through SACCOs, and were recoverable. A review of the recovery report of September 2011 observed poor recovery of the funds.

These anomalies hinder the running of SAACO activities that are to be implemented.

What steps did the accounting officer take to recover the funds in question? Committee should find out.

The committee should ascertain whether the Accounting Officer lobbied with Ministry of Finance, Planning and Economic Development for increased funding by way of evidence.
3.4 Late submission of exception reports to Ministry of Finance

On receipt of the monthly payrolls, the district edits it using software to raise exception reports. The exception reports are then submitted to MoFPED, for action. Audit review of the exception reports revealed that some of them were submitted to MoFPED late.

The software was not updated and therefore hard copies of exception reports could not be printed and submitted timely to MoFPED.

Late submission of reports to MoFPED can lead to anomalies in the payroll.

The committee should ascertain from the Accounting Officer whether he liaised with the MoFPED to ensure that the exception reports were submitted in time, to facilitate timely effecting of changes on the payroll.

The committee should caution the Accounting Officer on making sure that all softwares were updated before disbursement.

3.5 Budget Performance

It was noted that UGX 11,443,708,696 was budgeted for but UGX 11,112,090,125 was released by Central Government leading to a shortfall of UGX 331,616,571. Management therefore did not fulfill its mission of service delivery to the local community.

In a written response the Accounting Officer attributed the major cause of the shortfall to the budget cuts by the MoFPED.

The committee should ascertain whether the Accounting Officer lobbied with Ministry of Finance Planning and Economic Development for increased funding by way of evidence.

3.6 Unauthorized and unapproved expenditure by the Chief Executive and Head of Finance

The district's internal control system requires a payment voucher to be raised by the user department and passed for payment before being authorized by the Chief Executive. It was however observed, that the entity spent UGX 65,475,800 without authorization and approval.
This weakens internal control over management of district funds.

The committee should verify whether the Accounting Officer ensured that every payment on a voucher was verified, approved and authorized before payment was made.

3.7 NAADS projects

During the previous financial year (2010/2011) the Town Council procured local chicks worth UGX 57,720,000 and distributed them to NAADS farmers. The procurement was under food security, whereby the beneficiary farmers were supposed to pay back in-kind, in order to benefit other farmers of the group. Audit follow-up of the project observed that some of the farmers that received the chicks had cases of mismanagement, ranging from eating or selling the birds before multiplication, to housing the chicks improperly causing death.

The committee should ascertain whether management ensured that cases of mismanagement don’t occur so that progress of projects succeeded by way of evidence.

3.8 Lack of CDD Quarterly performance reports

It was observed that the district funded twenty one groups to a tune of UGX 33,372,000. However, there was no performance reports availed for audit review. Consequently, in absence of the performance reports, I could not confirm that the funds were utilized for the intended purposes.

The committee should verify whether the Accounting Officer ensured that the Sub-County Chiefs/Town Clerks submitted quarterly performance reports of CDD activities for review.

4.0 KYANKWANZI DLG

4.1 Reconciliation of Central Government Grants

The District financial statements revealed that UGX 7,785,093,196 were received by the Local Government, while the information from MoFPED indicated that total releases disbursed to the District amounted to UGX 7,897,451,445.

The committee should verify from the accounting officer whether UGX 112,358,249 was reconciled.
The committee should verify whether Management ensured that a reconciliation of the treasury releases was made and adjustments were made in the financial statements.

4.2 Reconciliation of treasury releases

According to the financial statements the districts received UGX 10,184,400,944 in respect of treasury releases. However, information obtained from the Accountant General, indicated that the treasury released UGX 9,479,080,101 to the district resulting in a difference of UGX 705,320,843 that requires reconciliation and explanation.

The committee should verify whether the Accounting Officer ensured that UGX 705,320,843 was reconciled and explained.

5.0 KALUNGU DLG

5.1 Cash and Cash Equivalents

It was noted that although the required statements were prepared and submitted, the accounts did not balance as the cash and cash equivalent figure of UGX 200,481,258 disclosed in the balance sheet did not agree with the underlying supporting balance of UGX 236,373,597 disclosed in the schedule of balances. Management did not rectify the anomaly.

The committee should verify whether management passed the necessary journal to the financial statements in the subsequent year with evidence.

The committee should go ahead and look at records of transactions especially to find out information of events and how the monies were spent.

5.2 Diversion of Funds

However contrary to the above requirement examination of LGDP expenditure revealed that a sum of UGX 4,705,000 (see details below) was diverted from the LGMS Discount to pay staff allowances, and other unspecified activities.
Diversion of funds to non-programmed expenditure stifles implementation of planned expenditure and development programs as approved by Council and Central Government priority program areas.

The committee should verify whether Management refunded the funds to their specific accounts.

5.3 Namajuzi Swamp

During the year under review the district under took a project and sought the approval of NEMA in carrying out construction works over the swamps. However, there is no evidence provided to show that an environmental impact assessment or environmental impact study was done and that this project was approved by NEMA.

Physical inspection of the projects revealed that water was purple and stagnant which was a recipe for an epidemic.

The committee should verify whether management liaised with NEMA and established reasons for the unusual occurrence.

5.4 Reconciliation of Central Government Grants

The District financial statements revealed that UGX 10,839,410.202 was received by the local government, while the information from MoFPED showed total releases of UGX, 9,933,787.849. There was a difference of UGX 905,622.353 which was not reconciled.

The committee should verify whether management investigated and ensured that reconciliation on the treasury releases was made and a confirmation obtained.

5.5 Inspection of water sources revealed,

3.5.5 1 Contractor Sauda Nampeera Contractors

Cost 3,300,000

Start date Dec 2011

End date Jan 2012
The committee should verify whether the Accounting Officer repaired those water points accordingly.

5.6 Budget Performance

In this respect UGX 12,630,140,943 was budgeted for but only UGX 11,851,828,255 was released by the central Government leading to a shortfall of UGX 778,312,688. Management did not fulfil its mission of service delivery to the local community.

The committee should verify whether the Accounting Officer diversified sources of revenue to avoid reliance on grants.

5.7 Local Revenue Shortfall

The district estimated to collect local revenue of UGX 174,285,565 during the financial year but only realized UGX 99,399,348 resulting into a shortfall of UGX 78,446,217. Under collection of revenue is contrary to regulations and undermines service delivery.

The committee should ascertain whether Management enhanced revenue mobilization and complied with regulations to enable all budgeted local revenue to be realized.

6 Lyantonde DLG

6.1 Reconciliation of Central Government Grants

The District financial statements revealed that UGX 6,471,921,124 was received by the Local Government in respect Central Government Grants. However, the information on releases from MoFPED showed total releases of UGX 6,179,453,856. There was a difference of UGX 292,467,759 that was unreconciled.

The committee should verify whether management ensured that reconciliation of the treasury releases were made with MOFPED and a certificate of confirmation was obtained.
6.2 Unfunded Priorities

The District Council identified priority development projects worth UGX 915,000,000 in the Development plan. However, the projects could not be implemented due to lack of funding.

The failure to implement the planned projects adversely affected service delivery to the public. Management acknowledged this anomaly.

The committee should ascertain whether management liaised with the relevant authorities for increased funding.

The committee should verify whether the Accounting Officer addressed infrastructural issues for better service delivery.

6.3 Budget Performance

In this respect, UGX 697,543,850 was budgeted for but only UGX 313,238,906 was released by Central Government, and locally generated revenue leading to a shortfall of UGX 215,695,056. Budget shortfalls undermine service delivery.

The committee should ascertain whether the Accounting Officer lobbied with the Ministry of Finance Planning and Economic Development for increased funding by way of evidence.

6.4 Use of Revenue Receipts Books

Test checks revealed receipts that were not issued chronologically. For example, receipt numbers were issued in the order of 1501-1550, numbers 1801-1850, 1552-1600 and 001-238. Issuing of receipt books without following the chronological order is irregular.

The committee should ascertain whether the Accounting Officer complied with the LGFAM 2007 and used the receipt books in numerical sequence.

6.5 Payment for Hire of Vehicle

Audit revealed that a petty contractor was hired to transport 416 trips of ma rum at a rate of UGX 35,000 per trip. It was noted that an advance payment of UGX 14,585,000 was made which is irregular. Besides, there was no evidence of deduction of 6% withholding tax from the payment. It was not explained why an advance payment was made before delivery.

The committee should verify whether management advanced payment and rendered evidence of delivery and accountability.
There was no evidence to show that marrum was delivered rendering the expenditure doubtful. The committee should ascertain

6.6 Excess Expenditure on Councilors Emoluments

However, contrary to the regulation, the district incurred excess expenditure of UGX 20,597,556 over the required amount of UGX 10,870,744 as detailed below.

The committee should ascertain whether the Accounting Officer followed the guidelines to avoid excess expenditure.

7.0 KIBOGA DLG

7.1 Suspected Deposits of Revenue

A review of the internal audit quarterly reports revealed a deposit of revenue of UGX 19,001,323 was lodged with the bank. However, it remained uncredited to the account of the district for the whole financial year. The money may have been diverted.

The committee should verify whether management acted on the reports of internal audit.
Meanwhile the fate of these deposit needed to be investigated.

7.2 Poor Recovery of Luwero-Rwenzori Funds

The District disbursed grants of UGX 208,000,000 to sub-counties under Luwero – Rwenzori program. The funds were disbursed to the sub-counties through SACCOS, and were recoverable. A review of the recovery report of September 2011 observed poor recovery of the funds, as shown below.
Table 4  Review of the recovery report of September 2011 observed poor recovery of the funds

<table>
<thead>
<tr>
<th>Sub-county</th>
<th>Disbursements as at 30/9/11</th>
<th>Amount recovered as at 30/9/11</th>
<th>UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muwanga</td>
<td>104,000,000</td>
<td>8,000,000</td>
<td></td>
</tr>
<tr>
<td>Dwaniro</td>
<td>104,000,000</td>
<td>3,800,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>208,000,000</strong></td>
<td><strong>11,800,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

The committee should ascertain whether the Accounting Officer initiated rigorous steps to recover the funds in question.

7.3 Late submission of exception reports to Ministry of Finance

On receipt of the monthly payrolls, the district edits it using software to raise exception reports. The exception reports are then submitted to MoFPED, for action. Audit review of the exception reports revealed that some of them were submitted to MoFPED late, as shown in the Table below.

**TABLE 5 Review of the exception reports revealed submitted by MoFPED**

<table>
<thead>
<tr>
<th>Monthly exception reports</th>
<th>Date received by MoFPED</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2011</td>
<td>12/9/2011</td>
</tr>
<tr>
<td>September 2011</td>
<td>31/10/2011</td>
</tr>
<tr>
<td>December 2011</td>
<td>16/4/2012</td>
</tr>
<tr>
<td>January 2012</td>
<td>16/4/2012</td>
</tr>
<tr>
<td>February 2012</td>
<td>16/4/2012</td>
</tr>
<tr>
<td>March 2012</td>
<td>16/4/2012</td>
</tr>
</tbody>
</table>
The committee should verify whether management liaised with the Ministry of Public Services and ensured that exception reports were submitted to Ministry of Finance, Planning and Economic Development in time, to facilitate timely effecting of changes on the payroll.

7.4 Under-disbursement of Luwero-Rwenzori development funds
During the financial year, the Permanent Secretary, Office of the Prime Minister (OPM), wrote to the Accounting Officer that he had disbursed UGX 181,900,000 for Luwero-Rwenzori development projects, however, only UGX 176,900,000 were received on the District account. There was therefore under-disbursement by UGX 5,000,000.
Management stated that the District received less funds by UGX 5,000,000 which was brought to the attention of OPM.

The committee should verify whether management followed up with OPM and requested for the balance of funds.

7.5 Failure to maintain revenue registers
It was noted that the council did not keep revenue registers for Local service Tax, land fees (Premium and ground rent), rent and contracted revenue in sub-counties as required by Local Government Finance and Accounting Manual section 4.6.2 (2) As a result monitoring of revenue collection from assessed revenue sources and subsequent determination of revenue arrears was not done.
Management acknowledged this shortcoming and promised to maintain revenue registers.

The committee should verify whether management maintained the revenue registers as required by them by Local Government Finance and Accounting Manual.

8. MASAKA DLG

8.1 Budget Performance
In this respect, UGX 14,807,261,829 was budgeted for but UGX 12,032,736,047 was realized resulting in a shortfall of UGX 2,774,525,782. Such shortfall undermines service delivery. In a written reply, the Accounting Officer explained that the shortfall was a result of some of the Central Government funds that were not released in the final quarter of the financial year.
The committee should ascertain whether the Accounting Officer did budget revisions whenever such budget costs occurred

9 MITYANA DLG

9.1 Nugatory Expenditure

UGX 13,845,227 was paid to a company in respect of repairing and servicing motor vehicle no UG2701R

However, during inspection the vehicle was found grounded as a result of poor workmanship and management is in the process of requisitioning for a similar amount for the vehicle to be repaired by another company.

The committee should task management whether the loss from officer responsible was recovered.

The committee should task management why they didn’t follow the procurement processes.

The committee should ask management whether the problem of communication between officers in the districts was addressed, this was observed by the acting CAO of the district.

9.2 Milk Cooler

UGX 12,640,000 was paid to a company for supplying one Milk cooler office cooling model of 750 litres at Kakindo out of a contractual sum of UGX 15,800,000

However, my inspection revealed that the milk cooler supplied is of capacity 450 litres and not 750 as stipulated in the contract.

There was negligence on the side of the accounting officer in terms of follow up.

The committee should ascertain whether the right cooler that was specified in the contract was not supplied.

The committee should ascertain were the remaining amount UGX 3,160,000 went and was it accounted for?
The committee should ascertain whether clear evidence of the payment of the remaining balance UGX 3, 160,000 was presented.

9.3 Mityana Water Inspection

Inspection of Bore Holes constructed by China Geo revealed the following:

The committee should ascertain whether there was quality water from bore holes and confirm its fitness for human consumption.

9.4 Mischarge of Expenditure items

To the contrary, management mischarged expenditure on various codes totaling to UGX 56,242,894.

The Committee should ascertain whether the Accounting Officer strictly complied with the classifications in the chart of accounts.

The committee should question the management whether they have addressed a challenge interpretation of codes.

9.5 Apparent Loss of Funds

A review of payroll exceptions reports revealed that although 10 staff were paid UGX34, 982,675 there were no records of appointment into service, evidence of their assumption of duty to the posts and any other record of these employees leading to loss of funds to Council. Table below shows,
Table 6 Below shows a record of employees leading to loss of funds to the council:

<table>
<thead>
<tr>
<th>Name</th>
<th>Computer No</th>
<th>Date</th>
<th>Net Pay</th>
<th>Total Paid In 2012/13 Year Before Deletion (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Majome Namuganyi</td>
<td>702409</td>
<td>June 2013</td>
<td>593,130</td>
<td>4,419,684</td>
</tr>
<tr>
<td>Rita Nansamba</td>
<td>702405</td>
<td>June 2013</td>
<td>409,152</td>
<td>4,909,824</td>
</tr>
<tr>
<td>Prossy Namujumbi</td>
<td>707408</td>
<td>June 2013</td>
<td>409,152</td>
<td>4,909,824</td>
</tr>
<tr>
<td>Paul Eratu</td>
<td>709927</td>
<td>June 2013</td>
<td>551,763</td>
<td>6,621,156</td>
</tr>
<tr>
<td>Ochen Richard Pax</td>
<td>324181</td>
<td>-</td>
<td>306,827</td>
<td>1,840,962</td>
</tr>
<tr>
<td>Samuel Ssedallo</td>
<td>308579</td>
<td>Oct 2012</td>
<td>249,440</td>
<td>748,320</td>
</tr>
<tr>
<td>John Mayega</td>
<td>707407</td>
<td>Aug 2013</td>
<td>409,152</td>
<td>4,909,824</td>
</tr>
<tr>
<td>Andrew Mayanja</td>
<td>324300</td>
<td>Dec 2012</td>
<td>405,349</td>
<td>2,026,745</td>
</tr>
</tbody>
</table>
The committee should ascertain whether the Accounting Officer followed up with relevant authorities

9.6 Budget Performance

In this respect UGX 20, 104,314,000 was budgeted for but only UGX 20, 006,435,000 was released by Central Government and donor partners leading to a shortfall of UGX 97,879,000

The committee should verify whether management operated on realistic budgeting through an integrated three year budgeting and planning framework.

The committee should ascertain whether management did fulfill its mission of service delivery to local community.

9.7 Delays in present accountability can lead to falsification of documents

The committee should know from the accounting officer whether accountabilities were obtained and presented for audit verification.

10 MUBENDE DLG

10.1 Unauthorized Excess Expenditure

Mubende District incurred excess expenditure totaling UGX 542,275,682 over the budgeted provisions for various departments during the financial year under review.

No supplementary re-allocation warrants were availed to justify the expenditure.

The committee should know from management whether this expenditure were regularized in accordance with regulation.

The committee should also know from the management whether it improved budgetary disciplines.
10.2 Delayed repair of the bulldozer

On 21st October 2009, a team from Bugembe Mechanical workshop under Ministry of Works came to Mubende and carried out assessment of the bulldozer. They reported that the engine needed an overhaul. There was no proper explanation as to what happened to the engine necessitating the overhaul.

Accordingly, the engine was taken to Bugembe for repair, but to date, the overhaul has not been done. Management explained that the change in policy from repairing at the Ministry of Works, to Uganda Road fund, was not accompanied with the transfer of funds to the mechanical workshops for the purpose.

The committee should ascertain from the Accounting Officer whether he/she made a follow up.

The committee should know from the accounting officer whether the engine was repaired.

10.3 Budget Performance

Table 7 showing budget performance

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Budget UGX</th>
<th>Received UGX</th>
<th>Short fall UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>25,533,840,140</td>
<td>23,059,297,473</td>
<td>227,517,130</td>
</tr>
<tr>
<td>2011/12</td>
<td>28,206,183,129</td>
<td>2,473,600,282</td>
<td>996,612,602</td>
</tr>
<tr>
<td>Total</td>
<td>28,206,183,129</td>
<td>25,532,897,755</td>
<td>996,612,602</td>
</tr>
</tbody>
</table>

The committee should know from the management they have diversified sources of revenue to ensure sustainability and revised budget to accommodate budget cuts.

The committee should know whether the accounting officer has liaised with Ministry of Finance, Planning, and Economic Development for more funding.

10.4 Award of contracts to non-compliant and incompetent contractors

Review of procurement files revealed that one contractor was awarded three contracts during the financial year under review (Construction of 3 stance VIP
Latrine at Lusasila Market shed in Kibalinga S/C. Supply and installation of 25 culverts of 600mm and construction of 5 head walls in Kidangga S/C and Construction of 4 valley tanks in Manyogaseka, Kassanda, Kitenga and Nalutuntu S/Cs at a sum of UGX 150, 306,000 under Ref Mube541/wks/12-13/00002

The committee should know from the Accounting Officer whether poor performing firms were not awarded new contracts

10.5 Incomplete Projects
During the year the district although the district implemented a number of projects in different sectors, the following totaling UGX 619, 628,780 remained incomplete at the close of the year

The committee should know from the Accounting Officer liaised with MOFPED in order to facilitate the completion of all the projects

11 SSEMBABULE DLG

11.1 Non reconciliation of the budget and strategic plan
There was risk that the budget is not driven by strategic plan basing on Regulation 18(3) of the local government financial accounting regulation 2007

The committee should verify whether management reconciled the budget with the strategic plan

11.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)
It was also noted that there was a discrepancy of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the local government. The District financial statements revealed that UGX 14,866,188,384 was received by the local government, while the information from MoFPED revealed total releases of UGX13,430,923,849 resulting in a discrepancy of UGX 1,435,264,535

It was also noted that District Public Accounts Committee (DPAC) discusses internal audit reports but its recommendations were not submitted to the full council

The committee should verify whether Management investigated the discrepancy

The committee should ascertain why no documentary evidence was availed to confirm that the local government issued Ministry of Finance, Planning and Economic Development with acknowledgement receipts, as required
11.3 None Issuance of Receipts in Numerical Sequence
The individual receipt books should be completed before new ones are issued. On the contrary, receipts were not issued in numerical sequence.

The committee should verify whether management complied with the manual and ensured that receipts were issued in sequence.

11.4 Failure to Collect Lease Fees
It was observed that the District has 4 masts erected on its land by Telecommunication companies, namely, MTN, Orange, Mango and Mbabule Radio. These attracted lease. However, there were no contracts entered into by the District and hence I could not establish the total amount of revenue expected from lease fees.

The committee should find out whether management signed contract agreements specifying lease fees payable by telecommunication firms.

The committee should also actually establish the total amount of revenue that was expected from lease fees.

11.5 Budget Performance
In this respect UGX 17,960,689,055 was budgeted for but UGX 15,524,603,586 was released by Central Government leading to a shortfall of UGX 2,436,086,469.

Management therefore was not able fulfill its objective of delivering service to the local community.

The committee should verify whether the Accounting Officer liaised with the necessary authority for adequate funding.

The committee should ascertain whether projects were implemented in the subsequent year in a timely manner.

The committee should question management whether it did budget revision to reflect such short falls.

11.6 Unremitted withholding tax
A review of the trade payable analysis report revealed that withholding tax payable of UGX 22, 101,828,36 remained outstanding contrary to the Income Tax regulations. Failure to remit income taxes to URA in time could lead to penalties.

The accounting officer should verify whether the accounting officer was remitting outstanding taxes to avoid possible penalties and other sanctions.
The committee should ascertain whether the Accounting Officer remitted the outstanding taxes to avoid possible penalties and other sanctions.

11.7 Statement of Arrears of Revenue
It was noted that arrears of revenue for the prior year totaling UGX 28,582,960 were not reported on in the financial statement contrary to the above provision.

The committee should ascertain whether the accounting officer prepared statements as part of the financial statements.

The committee should verify whether the debtors who owed the district were clear and there amount.

11.8 Cash flow statement
The cash flow statement reflected UGX 925,540,358 as outflows for the purchase of plant and equipment. However, there was no assets schedule to show the details of these assets.

The committee should examine whether the Accounting Officer submitted the schedule in question for verification.

11.9 Non-Compliance to force on account guidelines
The district lacked adequate supervision staff and operators.

The committee should ascertain whether the Accounting Officer ensured that the adequate staff implemented force on account scheme.

11.10 Stolen Motor Cycles and Motor Cycles
However, physical inspection of the motorcycles and review of the board of survey report revealed a loss of 13 motor cycles which were allocated to some staff. Although staff claims that the motor cycles were stolen, there was no evidence to prove that their claims. Further there is no evidence that management has taken any action on the affected staff or recovered any of the motorcycles.

A review of the council Minutes held on 28th September 2012 mini 03/CL/28/2012 revealed a concern by council that Motorcycles were being used by non-district employees.

The committee should find out whether the Accounting Officer ensured that the loss of motorcycles was properly investigated.

The committee should also find out whether appropriate actions were taken and the existing motorcycles were used by authorized employees.
11.11 Lack of storage facilities

During the audit of the year under review the following shortcomings were identified during the audit of the stores maintenance records -

The district has no stores for supplies like (stationery, spare parts for motor vehicles machinery and many other stores

Stores issues are not preceded by a requisition from the user department

Where stock is issued, the ledgers do not show the person to whom the assets are issued. Instead, they are recorded as issued to departments

No firefighting equipment is maintained in the stores. This exposes the stores to risks of fire

In the absence of a proper storage management system the risk of loss of records, assets cannot be overemphasized

The committee should verify whether the Accounting Officer ensured a store management system was put in place to avoid unintended loss of records and assets

11.12 Furniture at Ntuusi Sub County Headquarters

Furniture valued at US$ 9,366.4 was kept at Ntuusi Sub county Headquarters in the open. This furniture was recovered from private residences in the Sub County by the Police on 4th October 2012

Table 8  A summary of questioned costs is shown below

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unutilized Furniture at schools</td>
<td>222,023.00</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Missing Furniture</td>
<td>139,792 00</td>
</tr>
<tr>
<td>Furniture in staff houses</td>
<td>34,402 00</td>
</tr>
<tr>
<td>Furniture in churches</td>
<td>27,324 00</td>
</tr>
<tr>
<td>Undelivered furniture</td>
<td>19,966 00</td>
</tr>
<tr>
<td>Engraving costs</td>
<td>18,074 00</td>
</tr>
<tr>
<td>Furniture at Ntusu sub county Headquarters</td>
<td>9,366 00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>470,947</strong></td>
</tr>
</tbody>
</table>

The committee should verify whether the Accounting Officer ensured that the furniture was recovered from the sub-counties and was redistributed to deserving schools in the district.

11.13 Consequently, delays to account may lead to falsification of documents.

It was difficult to confirm that the funds were utilized for the intended purposes. The Accounting Officer submitted accountabilities for review. However, UGX 78,938,766 remained unaccounted for.

The committee should verify whether the Accounting Officer obtained accountabilities or else recoveries were affected from the responsible officers.
12 LWENGO DLG

12.1 Risk Management

Evaluation of risk management employed by Lwengo District to ascertain compliance with regulations 103(1-4) of the Local Government Financial and Accounting regulations, 2007 that task the Head of Finance with their possibility of maintaining a risk management system and an effectiveness of internal controls system revealed that the Head of Finance has no test abolished and documented a risk management system for the Town Council.

The committee should ascertain whether management came up with a documented risk management system that assisted in identifying risks and mitigating factors to enable realization of the district objectives.

12.2 Miss-charged expenditure

The Government of Uganda chart of accounts spells out codes under which respective revenue and expenditure items should be coded. It was noted that the district spent UGX 21,081,000 under several departments but did not charge the expenditure on their respective codes. Mischarges of expenditure misrepresent expenditure in the accounts.

The Accounting Officer explained that there were codes that are open ended and provides room for planners to include several expenditure codes however, the vote controllers have been advised to follow the codes in the chart of accounts.

The committee should verify whether the Accounting Officer followed the chart of accounts while allocating expenditure.

12.3 Budget Performance

In this respect UGX 15,650,198,714 was budgeted for but only UGX 13,521,128,671 was released by the Central Government, from donations UGX 24,288,278 from other government central transfers and UGX 135,366,937 locally generated revenue leading to a shortfall of UGX 179,378,494. Management therefore, did not fulfill its mission of service delivery to the local community.

The committee should verify whether the Accounting Officer diversified sources of revenue to avoid reliance on grants.
13  RAKAI DLG

13.1 Failure to follow up on Prior Quarter Issues

It was also noted that management did not implement recommendations of internal audit reports. Outlined below are some of the internal audit issues that management did not rectify:

- Vote books were not posted

The committee should ascertain whether management provided sufficient support to the internal audit in order to strengthen it.

The committee should ascertain whether the outstanding audit issues have been addressed.

13.2 Lack of NAADS Co-funding

Out of UGX 12,796,000 budgeted for co-founding, the district did not honor its obligation.

The committee should ascertain whether the Accounting Officer complied with NAADS guidelines.

14  MASAKA MC

14.1 Budget Performance

A review of the approved budget estimates for the year, approved work plan and reports from departmental heads revealed that out of the approved total budget of UGX 5,785,232,392 funds totaling to UGX 5,493,532,975 were received, creating a funding deficit of UGX 291,699,417 which adversely affected service delivery.

The committee should ask why the Accounting officer was not budgeting for priority areas.

The committee should find out whether the problem of communication with relevant authorities was addressed.

The committee should find out whether management has identified and addressed the cause of underfunding.

14.2 Central Government Grants

In this respect UGX 10,341,824,000 against which only UGX 6,046,438,923 was released by Central Government leading to a shortfall of UGX 4,295,385,077.
shortfall represented 42% of the budget estimates. Budget shortfalls undermine service delivery.

The committee should ascertain whether all budgeted local revenue were collected.

The committee should find out whether the Accounting Officer enhanced local revenue sources.

The committee should know why management does not budget for priority areas.

14.3 Collection of park fees

A review of contracted out sources of revenue revealed that the Municipal Council had no binding contract with Ms MUTODOX who were collecting revenue from the central parks. As such, I could not confirm the completeness of park fees of UGX 303,697,450 reported in the accounts.

The committee should find out whether the Accounting Officer put keen interest and vigilance on park fees collection as it was a sensitive area of revenue collection.

The committee should find out whether guidelines for procurement of the service providers for parks had been followed.
G – MBALE AUDIT REGION

1.1 BUDAKA DISTRICT

1.1 Excess Expenditure

There was excess unauthorized expenditure on Education, Planning and Administration totaling to UGX 413,348,823 that lacked relevant virement/reallocation warrants. This is irregular and therefore an indication of violation of commitment control system. The committee should:

1) Task the management to explain the cause of the irregularity and show how they will ensure compliance in future.

1.2 Budget Performance

The UGX 10,685,335,402 was released against a budget of UGX 10,413,915,903 released by Central Government leading to a surplus of UGX 271,419,499 with incomplete activities of UGX 3,322,245,710. However a short fall of UGX 2,017,974,465 was released in following year as indicated in the table below.

Table 1: Table showing budget performance

<table>
<thead>
<tr>
<th>NO</th>
<th>DISTRICT</th>
<th>F / Y (UGX)</th>
<th>BUDGETED FUND (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BUDAKA DLG</td>
<td>2010/2011</td>
<td>10,413,915,903</td>
<td>10,685,335,402</td>
<td></td>
<td>271,419,499</td>
<td>3,322,245,710</td>
<td></td>
</tr>
</tbody>
</table>
This would have led to poor service and goods delivery to the local community in the district

The committee should,

1) Find out from the management whether the issue of underfunding has been addressed
2) Find out from the management whether the district's funding has been increased.
3) Task the management to explain the surplus.

1.3 PLE Performance

Table 2, Table showing primary leaving examination Performance for three years

<table>
<thead>
<tr>
<th>Years</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>U</th>
<th>X</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>143</td>
<td>1,033</td>
<td>930</td>
<td>432</td>
<td>504</td>
<td>1064</td>
<td>4106</td>
</tr>
<tr>
<td>% age of Total</td>
<td>3</td>
<td>25</td>
<td>23</td>
<td>11</td>
<td>12</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>127</td>
<td>1,156</td>
<td>774</td>
<td>355</td>
<td>344</td>
<td>85</td>
<td>2841</td>
</tr>
<tr>
<td>% age of Total</td>
<td>4</td>
<td>41</td>
<td>27</td>
<td>12</td>
<td>12</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>181</td>
<td>1,247</td>
<td>745</td>
<td>576</td>
<td>467</td>
<td>82</td>
<td>3298</td>
</tr>
<tr>
<td>% age of Total</td>
<td>5</td>
<td>38</td>
<td>23</td>
<td>17</td>
<td>14</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

According to the table, the analysis revealed that the majority of the students in the years 2010 and 2011 were in grade II and III. In 2009, the majority of pupils (26%) were in grade X.

However the performance had been improving over the years save for a reduction of grade II pupils in 2011 as compared with the grade II performance of the previous year. This explains the reduction in the percentage failure (Grades U and X) in the years 2009, 2010, and 2011 were 38%, 15% and 16% respectively.
The poor performance could have led to pupils’ failure to proceed to the next level of education thus hindering their career opportunities.

The committee should;

1) Task the accounting officer to explain the causes for the poor PLE performance over the years.
2) Find out from the accounting officer whether he has liaised with all the stakeholders in order to address the challenges as advised by the OAG.

1.4 Diversion of Conditional Grants

Examination of records revealed that the District diverted UGX 44,496,704 from LGMSD account to various accounts as indicated in the table below.

Table 3, Table showing diverted funds for three years

<table>
<thead>
<tr>
<th>Voucher</th>
<th>Chq. No</th>
<th>Account From</th>
<th>Diverted To</th>
<th>Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/10</td>
<td>0309</td>
<td>LGMSD</td>
<td>Administration</td>
<td>3,730,000</td>
</tr>
<tr>
<td></td>
<td>0310</td>
<td></td>
<td>Capacity Building</td>
<td>3,627,100</td>
</tr>
<tr>
<td>5/10</td>
<td>0311</td>
<td></td>
<td>Administration</td>
<td>4,000,000</td>
</tr>
<tr>
<td></td>
<td>0312</td>
<td></td>
<td>Finance</td>
<td>1,000,000</td>
</tr>
<tr>
<td>3/12</td>
<td>0331</td>
<td></td>
<td>Statutory</td>
<td>7,000,000</td>
</tr>
<tr>
<td>6/12</td>
<td>334</td>
<td></td>
<td>Capacity Building</td>
<td>15,000,000</td>
</tr>
<tr>
<td>1/1</td>
<td>0343</td>
<td></td>
<td>CDD</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>44,357,100</td>
</tr>
</tbody>
</table>
This could have caused incompletion of the planned projects and programs from which the funds were being diverted from.

The committee should:

1) Ask the accounting officer to explain the cause of the diversion
2) Task the accounting officer to provide authorized accounting documents for the diverted funds

2. BUDUDA

2.1 Unauthorized Excess Expenditure 2012/2013

It was noted that a sum of UGX 136,264,226 was spent in excess of budget estimates under Administration and internal audit departments. The budgeted amount was UGX 357,893,447, however, actual expenditure was UGX 494,157,673.

The implementation of the planned activities and programs will be affected if excess expenditure affects their allocated amount. This would cause increase in commitments.

The committee should,

1) Task the accounting officer to provide evidence of an authority for excess expenditure
2) Task the Accounting officer to explain the cause of excess expenditure without approval by the council.

3 O BUKWO

3.1 Budget Performance

UGX 8, 993,638,880 was budgeted for and UGX 8, 319,924,154 was released by Central Government leading to a shortfall of UGX 673,714,726 with an incomplete activities of UGX 675,741,740. A continued short shortfall of UGX 200,860,758 was realized in the following year as indicated in the table below,
Table 4: Table showing budget performance for three years.

<table>
<thead>
<tr>
<th>NO.</th>
<th>DISTRICT</th>
<th>F/Y</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
<th>INCOMPLETE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BUKWO</td>
<td>2010/11</td>
<td>8,993,638</td>
<td>8,319,924</td>
<td>673,714.726</td>
<td>675,741,740</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>38,880</td>
<td>24,154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BUKWO</td>
<td>2011/11</td>
<td>10,879,065</td>
<td>9,064,956</td>
<td>200,860.758</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>865,807</td>
<td>56,009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>19,872,704</td>
<td>17,384,880</td>
<td>874,575.84</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>04,687</td>
<td>880,163</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The incomplete activities were due to the limited capacity of contractors and funds not released. The committee should,

1) Ask the management to avail the district work plan and also indicate the completed activities.
2) Find out whether the management has liaised with MoFPED to solve the issue of underfunding.

3.2 Reconciliation of central government grants (treasury releases to Districts)

There was a discrepancy of UGX 39,864,441 of actual grants indicated as received by the local government from the MoFPED (UGX 7,110,828,058) and the actual amounts disbursed by MoFPED to the local government (7,150,689,499)

This un-reconciled government releases position makes the funds doubtful. The committee should;

1) Find out whether accounting officer has reconciled the funds in question.

3.3 Lack of Contract Supervisors 2012/13

A sample of seven (7) of total contract value of UGX 217,671,900 procurement files that were reviewed revealed that contract supervisors were not appointed by the user department contrary to the regulations.
Failure to appoint project supervisors may lead to contracts not being properly managed leading to substandard goods/services.

The committee should:

1) Task the Accounting officer to explain the cause of the anomaly.

4 BULAMBULI DLG

4.1 Accounting Records not availed

It was observed that the following primary financial records were not availed for scrutiny (Journals Revenue abstracts, Stores ledgers)

Registers: Revenue, Contract, Commitments and register of accountable stationery

- Monthly and quarterly reports on outstanding commitments
- Monthly and Quarterly Financial Statements
- Internal Audit Reports for 3rd and 4th quarter

It was noted that the controllers and head of finance did not reconcile and certify respectively bank reconciliations. It was evident that accounting files and record management was poor.

The committee should,

1) Find out whether the management has complied and established proper accounting records
2) Find out from the management whether the capacity gap in the finance department was rectified

4.2 Budget Performance

UGX 9, 076,107,003 was budgeted for but only UGX 8, 911,178,835 was released by Central Government leading to a shortfall of UGX 164, 928,168

This was likely to lead to incomplete activities due to inadequate funds released.

The committee should,

1) Find out from the management whether they have addressed the causes of underfunding.
2) Find out whether the management has liaised with MoFPED to solve the issue of underfunding
4.3 Lack of Vote Books and Commitment Control System

There were no vote books in place and the commitment control system as a budget tool was not being complied with.

There was a likelihood of Excess and unauthorized expenditure and possible misappropriation of funds.

The committee should,

1) **Find out from the management whether the commitment control system and vote books were instituted.**

4.4 Un-authorized excess expenditure

A review of the details of expenditure revealed that the District spent UGX 8,278,500 over and above the budget without seeking for virements or re-allocations. Management failed in its stewardship role of ensuring that the funds are expended in line with the budgets and that any expenditure over and above the budgets is approved through the right procedures.

Excess expenditure on activities is irregular and results into under facilitation of prioritized activities.

The committee should

1) **Find out whether the management applied and received the virements or re-allocations for the said expenditure.**

4.5 Reconciliation of Central Government Grants

The District financial statements revealed that UGX 8, 627,179,200 was received by the local government, while the information on releases from MoFPED showed total releases of UGX 8, 539,660,449. This created a discrepancy of UGX 87, 518,751 of actual grants.

This un-reconciled government releases position could make the funds doubtful.

The committee should

3) **Find out whether the accounting officer followed up with the MoFPED to reconcile the two positions and if yes provide the certificate of reconciliation.**

4) **Task the Management to explain the cause of the discrepancy.**
4.6 Failure to prepare annual cash flow budgets

The head of finance failed to produce the annual cash flows budget for the approval of the executive. The failure to produce cash flow budgets hampered proper expenditure planning resulting to committing Council beyond its cash liquidity limits.

The committee should:

1) **Find out from the management whether the annual cash flow budget of the FY2011/2012 was produced as required**

4.7 NAADS Co-funding

It was noted that the district received a total of UGX 1,323,275,000 for NAADS program. Of this, UGX 937,382,970 was transferred to the Lower Local Governments, with a balance of UGX 385,892,030 remaining at the district. The district co-funded UGX 3,941,000.

The failure by the district to fully co-fund could have resulted into the scaling down the implementation of the program activities in the district.

The committee should:

1) **Find out whether the District has prioritized co-funding of the NAADS activities to enable successful implementation of all planned programs**

2) **Task the management to ensure that they fulfil 6% required funding to NAADS to avoid shortfalls**

4.8 Status of Technologies

Audit noted that technologies that were being used by the Farmers engaged in goat rearing and poultry were not well managed. Farmers did not prepare dwellings for the technologies while for others the numbers had dropped.

Poor enterprise selection coupled with limited knowledge on the maintenance of the technologies by the farmers was stated as the cause for poor maintenance of the technologies.

This in some extent led to technologies phasing off.

The committee should,
1) Find out from the management whether they have carried out capacity building training on how to manage agricultural technologies.

4.9 General Fund Account

Audit noted that the entity operated 3 different General Fund accounts concurrently, two of them at Crane Bank and one at DFCU. The Accounting Officer explained that for financial year 2012/2013 one account was opened in DFCU Bank Mbale Branch as required by law while the other two General Fund Accounts were opened and officially operated for financial years 2010/2011 and 2011/2012. He explained further that the official closure for these accounts was communicated but some agencies and Ministries continued to remit funds to these two accounts which forced management to reactivate the accounts so as to access the funds.

This contravenes the law and makes tracing of audits difficult.

The committee should,

1) Find out from the accounting officer whether the accounts in crane bank were closed.
2) Task the account officer to avail the audited accounting documents of all the monies remitted on the two accounts in crane bank.

4.10 Completion of renovation and extension of veterinary laboratory and plant clinic

Inspections of the works done revealed that the standard of performance was not satisfactory as the casement locks were not installed as prescribed by the BOQs, window glasses had been ill fitted, poor quality finishing and painting was evident.

The possibility of poor contract management cannot be ruled out.

The committee should,

1) Task the accounting officer to explain why the contract was not well managed
2) Find out from the accounting officer whether the defects were corrected by the contractor before the retention monies was paid.
4.11 Water Services

It was noted that the Town Council, which had 4,631 households had 70 water sources. The safe water coverage was 34% implying that 3,056 households did not have access to safe water.

This was explained by the water users that some water sources were non-functional during the dry seasons implying the geological surveys carried out to establish water sources and water yields were ineffective.

The communities could have been forced to move longer distances to fetch water and denying them the services and the unprotected water sources may endanger the lives of the users.

The committee should:

1) Find out from the management whether all the available water sources are protected to prevent contamination
2) Find out from the management whether the nonfunctional water sources were rehabilitated
3) Find out from the management whether the safe water coverage was increased

5 BUSIA DLG

5.1 Budget Performance

UGX 13, 316,614,142 was budgeted for but only UGX 12, 489,223,024 was released by Central Government leading to a shortfall of UGX 827,391,118. This was likely to lead to incomplete activities due to inadequate funds released.

The committee should,

1) Find out whether the management has liaised with MoFPED to solve the issue of underfunding.

5.3 Reconciliation of Central Government Grants (treasury releases to Districts)

It was also noted that there was a discrepancy (UGX 12,294,063,295) of actual grants indicated as received by the local government from the MoFPED (UGX 15, 320,226,447) and the actual amounts disbursed by MoFPED to the local government (UGX
15,320,226,447
This un-reconciled government releases position makes the funds doubtful

The committee should,
1) **Find out whether accounting officer has done the investigations and if yes what is the outcome and possible recommendation for the discrepancy in question**

5.3 **Contracts Register 2011/2012**

The contract register was poorly maintained by the District, as it lacked columns for committed funds, outstanding, retention and penalties

The absence of a properly maintained contracts register could have affected the effective monitoring and the overall management of contracts by the District

The committee should,
1) **Ask the management to explain the cause of poor contract register management**

5.4 **Status of Technologies**

Food security farmers got between UGX 70,000 to UGX 100,000 worth of inputs, however there are challenges like baboons that destroy crops, most especially in areas of Busitema, Bulumbi and Sikuda Sub-Counties. supply of low germinating seeds, poor storage facilities, poor enforcement recovery in terms of 100% give back of the technology received

This was due to poor enterprise selection and limited knowledge on the maintenance of the technologies by the farmers
This is affecting the food security of the district

The committee should;

1) **Task The management to ensure that the selected farmers have the capacity to maintain the agriculture technology**

2) **Find out from the management whether they have instituted a continuous training programs for farmers.**
5.5 Water Services

Boreholes in Busire (Busitema Sub county) are not fenced and with a poor drainage system though in a working condition while those in Bukone (Bulumbi sub county) were abandoned for over 10 years without repair making the people move long distances to fetch water.

This has been due to the failure by the district to make follow-up on the water user committees who should enforce the maintenance of water sources.

Communities are forced to move longer distances to fetch water and denying them the services.

The committee should,

1) Find out from the management whether all the available water sources are protected to prevent contamination.
2) Find out from the management whether the nonfunctional water sources were rehabilitated.
3) Find out from the management whether the safe water coverage was increased.

5.6 Unreported Loss

It was noted that four motorcycles had been stolen but the loss was neither reported in the board of survey report nor in the statements of losses in the financial statements contrary to the regulation.

This would have increased the mismanagement of assets and expenditure on motorcycles.

The committee should;

1) Task the accounting officer to explain whether the motorcycles were recovered and how the problem was handled.

5.7 Inappropriate guidance on acquisition of assets

The youth of Busitema Sub County did not have interest in the use of the hydra form machine, they utilized the machine for a short time and brought it back and since then remained idle. This could have led to vandalizing of the machine thus making it not operational.

The committee should;

1) Task the management to give detailed report on the recovery of the stolen parts of the machine.
2) Find out whether the machine was repaired or returned to OPM.
3) Ensure that the accounting officer provides the recorded value of the asset

5.8 Loss of assets
It was observed that two Motor Vehicles, four Motorcycles 1 Tractor (Massey Ferguson LG0015-08) and a Generator (Yamaha Model EF6600E, Engine No 1236845) all valued at UGX 81,000,000 were stolen and the matter reported to police. This might have increased expenditure of fixed assets, loss to the government and reduces the level of good and service delivery. The committee should:

1) Find out from the accounting officer whether the stolen assets were recovered.

5.9 District vehicles abandoned in a garage
The District Motor Vehicle Registration No UG 0371F, Chassis number AR4267793 and Engine number WLAT75380 was abandoned in Cooper Motors garage where it had been taken for repair in February 2009. This led to Demand notices and invoices totaling UGX 32,773,512 which were issued by Cooper Motors regarding works and services. The committee should:

1) Task the accounting officer to explain why the vehicle was abandoned in the garage.
2) Find out whether the vehicle was retrieved from the garage.

6 BUTALEJA DISTRICT

6.1 Budget Performance
The approved total budget of UGX 15,095,862,623, funds totaling to UGX 11,991,678.803 were received, creating a funding deficit of UGX 3,104,183.820 (2011/2012), however in the preceding year there was a surplus of UGX 269,852,631.

**Table 5: Table showing budget performance**

<table>
<thead>
<tr>
<th>NO</th>
<th>DISTRICT</th>
<th>F/Y</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUTALE JA</td>
<td>2010/2011</td>
<td>(UGX)</td>
<td>2012/2013</td>
<td>(UGX)</td>
<td>Total</td>
<td>(UGX)</td>
</tr>
<tr>
<td>---</td>
<td>-----------</td>
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<td>-------</td>
<td>-----------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>15,095,862.62</td>
<td>11,991,678,803</td>
<td>3,104,183,820</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>17,741,729.05</td>
<td>14,061,936,826</td>
<td>269,852,631</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>32,837,591.67</td>
<td>14,061,936,826</td>
<td>11,991,678,803</td>
<td>3,104,183,820</td>
<td>269,852,631</td>
<td></td>
</tr>
</tbody>
</table>

The underfunding could possibly be due to non-submission of prepared work plans and also absence of adequate monitoring /supervision. This could likely affect service delivery. The committee should,

1) Find out from the management the cause of underperformance.
2) Find out from the management whether they have liaised with MoFPED to solve the issue of underfunding.

6.2 Reconciliation of central government grants (treasury releases to Districts)

Management stated that UGX 507,680,132 (the discrepancy) was received by the district. This discrepancy was due to USE/UPOLET funds sent directly to the respective school accounts and not through the District General Fund account. This un-reconciled government releases position makes the funds doubtful. The committee should;

1) Find out whether management followed up with the expenditure of the funds and ensure that the money is rightfully put in use and accounted for.

7 KAPCHORWA DLG

7.1 Budget Performance

UGX 11,605,217,710 was budgeted for with UGX 10, 495,746,110 was released by Central Government leading to a shortfall of UGX 1, 109,471,604. As much as UGX 8,656,507,237 was committed to projects in 4 sector, it was difficult to determine the
completed and uncompleted projects

This likely resulted into underperformance in the district

The committee should,

1) Task the management to explain the failure to complete the planned activities.
2) Find out from the management whether they have developed a strategic plan to ensure proper implementation of planned activities as advised by the OAG.

7.2 Cash and Cash Equivalents

Instead of separately showing the two as short term borrowing and cash and cash equivalent, the balance in the schedule of the bank balances of UGX 1,714,281,036 was arrived after netting of the balances of the overdrawn bank accounts of UGX 5,125,896 against the credit balance of UGX 1,719,406,932

This would have misrepresented the financial statements and performance of the district

The committee should,

1) Task management to provide the adjusted financial statement

7.3 Reconciliation of central government grants (treasury releases to Districts)

It was noted that there was a discrepancy of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the local government of UGX 1,485,298,992. The District financial statements revealed that UGX 11, 393, 193,025 (90%) was received by the local government, while information from MoFPED showed total releases as UGX 9,907,894,033

This un-reconciled government releases position could have made the funds doubtful

The committee should,

1) Find out whether accounting officer has followed up the matter with the MoFPED as to reconcile the position.

7.4 NAADS Co-funding

In the year under review (2011/2012), the District received a total of UGX 1,066,626,000 for NAADS activities. Of this, UGX 749,391,990 was transferred to the Lower Local Governments, with a balance of UGX 317,234,010 remaining at the district. The District co-funded UGX 1,000,000

This would have resulted into scaling down of the implementation of the program.
activities by the district
The committee should;
1) **Find out whether the District has prioritized co-funding of the NAADS activities to enable successful implementation of all planned programs.**
2) **Task the management to ensure that they fulfil 6% required funding to NAADS to avoid shortfalls.**

### 7.5 Doubtful deliveries

It was observed that the district procured assorted items worth UGX 10,478,500 from various suppliers but no goods received notes were raised to acknowledge the delivery. And furthermore, there was no evidence that these items were recorded in the stores ledger.
There could be a risk that the items were not delivered or funds were diverted to unintended purpose.
The committee should,

1) **Task the management to avail the necessary documents to confirm the delivery of the goods.**

### 7.6 Incomplete and un-updated staff establishment register

It was noted that the staff list had incomplete data and it was not updated regularly. The register lacks information like computer numbers, employees' titles, date of birth and date of first employment. This lead to payroll and staffing level management challenges.
The committee should,

1) **Task the management to provide an updated staff list with full list of staff.**

### 8.0 KIBUKU DLG

#### 7.1 Budget Performance

UGX 7,674,854,837 was budgeted for but only UGX 6,933,169,739 was released by Central Government leading to a shortfall of UGX 741,685,098 and UGX 4,542,211,452 was committed to projects in the Production, Health Education and Works sectors. The shortfall was likely to hinder goods and service delivery and also affect the achievement of the planned activities.
The committee should.
1) Find out from the management the cause of underperformance.
2) Find out from the management whether has liaised with MoFPED to solve the issue of underfunding.

7.2 Excess Expenditure

Excess expenditure totaling to UGX 500, 605,842 was incurred on Health and Planning departments and no evidence of the relevant reallocation warrants or virements, This is irregular and could have affected the implementation of the other planned district activities
The committee should:

1) Task the management to explain the source of the excess expenditure and provide the relevant reallocation warrants

7.3 Cash and Cash Equivalents

UGX 358, 055,900 of the Cash and Cash Equivalents of was arrived at after netting off the balances of overdrawn bank accounts with the credit balances instead of separately showing the two as Short term borrowings and cash and cash equivalents
This could have misrepresented the financial statements and also liquidity position of the district
The committee should,

1) Task the management to present the adjusted financial statements indicating cash balances as cash and cash equivalents and overdraft bank accounts as short term borrowings

7.4 Reconciliation of Central Government Grants (Treasury Releases to Districts)

The local government received a discrepancy from the MoFPED and the actual amounts disbursed by MoFPED to the local government of UGX 374,491,493 The District financial statements revealed that UGX 8,156,143,469 (83%) was received by the local government, while the information on releases from MoFPED showed total releases of UGX 7,781,651,976
The mismatch in the presentation could have led to difficulty in tracing the missing funds
and the funds doubtful
The committee should,

1) Find out whether the accounting officer followed up with the MoFPED so as to reconcile the two positions.

7.5 NAADS Co-funding by District

In the year under review, the District received a total of UGX 825,436,000 for NAADS activities. Of this, UGX 566,576,000 was transferred to the Lower Local Governments, with a balance of UGX 258,859,000 remaining at the district. The District co-funded UGX 6,000,000 instead of the expected UGX 15,531,540 creating a shortfall of UGX 9,531,540.

This has resulted into scaling down of the implementation of the program activities by the district

The committee should:

1) Task the management to provide a detailed co-funded NAADS activities in terms of priorities and what is the success percentage of implementation.

2) Task the management to ensure that they fulfil 6% required funding to NAADS to avoid shortfalls.

8.6 PLE Performance

Table 6; Table showing PLE performance

<table>
<thead>
<tr>
<th>Years</th>
<th>DIVISION</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>2010</td>
<td>73</td>
<td>877</td>
</tr>
<tr>
<td>%age of Total</td>
<td>3</td>
<td>37</td>
</tr>
<tr>
<td>2011</td>
<td>113</td>
<td>815</td>
</tr>
<tr>
<td>%age of Total</td>
<td>4</td>
<td>32</td>
</tr>
</tbody>
</table>

Analysis revealed that the majority of the students in the two years were in grades II and III. The pupils in grade I increased from 3% to 4% while those in grade II reduced from 37% to 32%.

The percentage of pupils who failed (Grades U and X) in the years 2010 and 2011 were 18%, and 24% respectively.

This could have attributed to inadequate classrooms, inadequate trained teaching staff, absenteeism and pupils going without meals.
The poor performance could have led to failure to proceed to the next level of education thus hindering career opportunities

The committee should;

1) **Find out whether the management has liaised with all the stakeholders in order to address the challenges**

**8.7 Maintenance of Kadama - Kabweri - Kakutu Road**

The works was contracted out to Khabusi Company in October 2012, works was done but the culverts in some sections had been washed away while some parts of the road the sides were being eroded by water. The road could have become un-usable within a short time. The committee should;

1) **Find out whether the management followed up with contractor to explain the cause of the shady work and ensure that the work is redone**

**8.8 Absence of Contracts Register**

Register for all contracts/service providers was not maintained by the council as observed and this would weaken the monitoring and supervision of contracts. The committee should,

1) **Task the Accounting officer to provide the up to date contracts register**

**9 KWEEN DLG**

**9.1 Budget Performance**

UGX 9,153,589,762 was revenue realized against the budgeted figure of UGX 10,148,756,210, representing 90% level of performance and government grants contributed to 97% of the total revenue. The total expenditure amounted to UGX 9,449,213,755 resulting in a deficit of UGX 295,643,993. The accounting officer explained that this is due to the budget cuts that always happen. The failure to fully realize the revenue meant that all the planned activities could not be implemented thus affecting service delivery. The committee should,

1) **Find out from the accounting officer whether he has devised strategies to enhance local revenue collections**
9.2 Construction of administration block at Bitiny Sub County

During inspection in the month of November 2013 it was noted that the administration block had been completed but had developed several cracks in the floor and ceiling. This indicated poor workmanship and poor contract supervision. The committee should:

1) Task the Accounting officer to provide evidence whether the defects were corrected to satisfaction and if the retention fee was fully paid.

9.3 Water

The district contracted RMK Uganda Limited for the construction of the Gravity flow scheme. The phase IV at Kanyanya at a cost of UGX 118,000,000. However it was observed that the water was not flowing and that the pipeline was damaged by the landslide. This was due to the floods and heavy rains that damaged the pipe lines. This has denied the community access to clean water. The committee should:

1) Find out whether the management has repaired the section of the gravity flow scheme.

10 MANAFWA DLG

10.1 Budget Performance

UGX 14,718,883,548 was budgeted for but only UGX 14,718,883,548 was released by Central Government leading to a shortfall of UGX 4,361,554,034. This was likely to affect implementation of the planned activities and thus poor goods and services delivery to the local communities in the district. The committee should,

1) Find out from the management the cause of the underfunding.
2) Task the management to liaise with MoFPED to ensure increased funding.

10.2 Misappropriated Funds at Bumbo Health Centre

The Health officer in charge of Bumbo health Centre absconded from duty taking with him UGX 3 million and it was reported that the person in question is employed at Mt Elgon Hospital in Mbale.
This could have indicated misappropriation of funds that has hampered the delivery at the health Centre.

The committee should,

1) Find out from the accounting officer whether the said money was recovered and the said officer apprehended

10.3 Reconciliation of Central Government Grants (Treasury Releases to Districts)
A discrepancy of UGX 169,538,320 was received by the local government from the MoFPED. The District financial statements revealed that UGX 18,934,566,381 was received by the local government, while the information on releases from MoFPED showed total releases of UGX 19,104,104,701.

This un-reconciled government releases position could have made the funds doubtful.

The committee should,

3) Find out whether the accounting officer followed up with the MoFPED so as to reconcile the two positions.

4) Task the Management to explain the cause of the discrepancy.

10.4 School Enrolment
The school enrolment in the 35 primary schools increased by 2% from 20,682 to 21,072. Further analysis revealed that 10 out of the 35 schools registered dropouts (reduction in numbers), with the worst primary schools being Bumbatsya, Bukhone and Nemba with dropout rates of 32%, 26% and 18% respectively.

This phenomenon affected the government's efforts to meet the target of the millennium development goal (2) of ensuring that every child attains a full cycle of primary schooling.

The committee should,

1) Find out from the accounting officer the causes of the school dropouts and point out the viable remedial actions taken.

10.5 Bupoto road maintenance

Inspection of the Bupoto road revealed that Parts of the road had already developed huge gulleys and some culverts had no head walls. Some parts of the road had grass growing in the middle and sides of the road making it narrow. This was due to the heavy rains experienced in the district.

The committee should,

1) Find out from the accounting officer whether the contractor undertook the
remedial works
2) Find out whether the retention fee was fully paid to the contractor

10.6 SFG Payments without School Management Committee Approval

The contract certificates amounting to UGX 152, 619,485 in respect of construction of various primary schools under SFG projects were made without approval from school management committees as required by the guidelines. This would cause rejection of work and also minimal supervision from the school management. This anomaly would also cause risk of unsatisfactory and/or incomplete works being paid.

The committee should,

1) Task the Accounting Officer to explain why the process was done contrary to the regulations.
2) Find out whether the accounting officer follows the SFG guidelines in the implementation of the projects.

11 MBALE DLG

11.1 Budget Performance

A total amount of UGX 15, 941,465,316 was budgeted for but only UGX 14, 680, 493,310 was released by Central Government leading to a shortfall of UGX 1,260,972,004.

This could have hindered the goods and service delivery to the local community in the district.

The committee should,

1) Find out whether the management has identified and addressed the causes of underperformance.
2) Find out from the management whether they have liaised with MoFPED to increase funding.

11.2 Reconciliation of Central Government Grants

There was a discrepancy of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the local government. UGX 1,058,476,760 The District financial statements revealed UGX 21, 752,558, 288 (90%) was received by district, while the information on releases from MoFPED showed total releases of UGX 20,694,081.528.
This un-reconciled government releases position could have made the funds doubtful. The committee should,

1) **Find out whether the accounting officer followed up with the MoFPED so as to reconcile the two positions and if yes provide the certificate of reconciliation.**

2) **Task the Management to explain the cause of the discrepancy.**

### 11.3 STORES

No schedules had been received from the schools and hospitals by the CAO or internal auditor. This would have indicated that the district does not keep track of assets of hospitals and schools thus creating a room of misuse of the assets. The committee should,

1) **Find out whether the accounting officer has reviewed and strengthened the stores management system.**

### 12 PALLISA DLG

#### 12.1 Budget Performance

<table>
<thead>
<tr>
<th>NO</th>
<th>DISTRICT</th>
<th>F/Y</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>RECEIVED FUND (UGX)</th>
<th>SHORT FALL (UGX)</th>
<th>INCOMPLETE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PALLISA</td>
<td>2010/11</td>
<td>13,594,081,518</td>
<td>13,104,871,149</td>
<td></td>
<td>489,210,029</td>
<td>13,104,871,489</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2012/13</td>
<td>23,820,412,700</td>
<td>21,638,644,685</td>
<td></td>
<td>4,122,407,342</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td>3,741,494,218</td>
<td>34,743,516,174</td>
<td></td>
<td>4,611,617,371</td>
<td>13,104,871,489</td>
</tr>
</tbody>
</table>

212
A shortfall in the release of funds was realized in both years as shown above. This could have explained the incomplete activities of UGX 13,104,871,489 in the year 2010/11. This was also attributed to the limited capacity of contractors.

This was attributed to failure to realize proceeds from the sale of property, plant and equipment which had been planned for sale.

There was likelihood of poor service delivery to the local community in the district.

The committee should,

1) **Find out whether management has developed strategies of implementing projects on a timely basis as advised by the OAG**
2) **Find out from the management whether they have liaised with MoFPED in order to increase funding**

### 12.2 Reconciliation of central government grants (treasury releases to Districts)

There was a discrepancy between the actual grants indicated as received by the local government from the MoFPED and the amounts disbursed by MoFPED to the local government of UGX 1,046,478,033. The District financial statements revealed that out of the approved revised budget of UGX 21,578,846,690 UGX 20,147,570,000 (93%) was received by the local government, while the information from MoFPED indicated total releases of UGX 19,101,091,967.

It was explained that the discrepancy was as a result of the special releases that are not remitted directly by the MoFPED to District e.g. NUSAF II and Uganda Road Fund.

This un-reconciled government releases position could have made the funds doubtful.

The committee should,

1) **Find out from the accounting officer whether the matter was investigated and provide a report on the matter**

### 12.3 District Primary Leaving Examinations Performances in the last three years.

**Table 8, Table showing Reconciliation of central government grants**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Div I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>U</th>
<th>X</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>128</td>
<td>2,066</td>
<td>1,583</td>
<td>873</td>
<td>754</td>
<td>172</td>
<td>5,583</td>
</tr>
<tr>
<td></td>
<td>2.2%</td>
<td>37%</td>
<td>28.3%</td>
<td>15.6%</td>
<td>13.5%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>168</td>
<td>1,933</td>
<td>1,422</td>
<td>1,084</td>
<td>897</td>
<td>134</td>
<td>5,638</td>
</tr>
<tr>
<td></td>
<td>3%</td>
<td>34.3%</td>
<td>25.1%</td>
<td>19.2%</td>
<td>16%</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>217</td>
<td>2,406</td>
<td>1,459</td>
<td>1,034</td>
<td>1,026</td>
<td>123</td>
<td>6,309</td>
</tr>
<tr>
<td></td>
<td>3.4%</td>
<td>38.1%</td>
<td>23.1%</td>
<td>16.3%</td>
<td>16.2%</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>
It was noted that the performance of the district remains unsatisfactory. Whereas there was a slight improvement, the improvement was not commensurate to the increase in the number of the registered candidates. This is a pointer that the education standards are still low.

This was due to close supervision and enforcing of strong partnership with parents. The good performance has led to pupils to proceed to the next level of education thus career opportunities progression.

The committee should:

1) Find out from the accounting officer whether he has continued to implement initiated measures for better PLE results.

13 SIRONKO DLG

13.1 Budget Performance

Table 9. Table showing Budget Performance

<table>
<thead>
<tr>
<th>No</th>
<th>DISTRICT</th>
<th>F/Y</th>
<th>BUDGET RELEASED FUNDS</th>
<th>INCOMPLETE ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(UGX)</td>
<td>(UGX)</td>
<td>(UGX)</td>
</tr>
<tr>
<td>1</td>
<td>SIRONKO</td>
<td>2010/11</td>
<td>17,394,81 8,432</td>
<td>2,990,18 5,076</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>2012/13</td>
<td>20,790,02 9,932</td>
<td>2,750,63 2,899</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>38,184,84 8,364</td>
<td>5,740,81 7,975</td>
</tr>
</tbody>
</table>

A shortfall in the release of funds was realized in both years as shown above. This could have explained the incomplete activities of UGX 283,790,843 as UGX 418, 019,251 was committed to 11 projects in 3 sectors and by the end of the year planned projects worth UGX 134, 228,408 were completed, in the year 2010/11. This was also attributed to the limited capacity of contractors.

The shortfall was also attributed to the budget cuts by MoFPED.
There was likelihood of poor service delivery to the local community in the district

The committee should,

1) Find out whether management has developed strategies of implementing projects on a timely basis as advised by the OAG
2) Find out from the management whether they have liaised with MoFPED in order to increase funding.

13.2 Non Adjustments of Vote Books

There was a virement, reallocation or supplementary Estimates warrant has been issued, the vote book must be amended to reflect the corresponding increase and decreases, and the approved estimates are thereby formally amended. However, there was no evidence that Budget amendments were included in the Vote books.

This was as a result of weak internal controls.

When budgets are not closely monitored, they could lead to excess payments.

The committee should;

1) Find out from the management whether the adjustments of the vote books for supplementary budgets has been made

13.3 Water Services

It was noted that the District had 800 water sources but some were non-functional during dry seasons implying the geological surveys carried out to establish water sources and water yields were ineffective.

The Protection of all the available water sources to prevent water contamination, which can endanger the lives of the users.

The committee should,

1) Find out whether the management was able to protect all the available water sources to prevent water contamination, which can endanger the lives of the users.
2) Find out whether the rehabilitation of boreholes in the district to increase water accessibility was done.
3) Find out whether management conducted studies on environmental impact assessments to establish the viability of the water sources and the
protection of the environment.

13.4 Co-funding

The District received UGX 1,681,059,000 to implement NAADS activities but transferred UGX 1,237,286,440 to the lower local governments. The district never co-funded the 6% of the operational funds retained at the District. The failure to co-fund may have resulted in the district scaling down the implementation of the program activities. The committee should,

1) **Find out whether the District has prioritized co-funding of the NAADS activities to enable successful implementation of all planned programs.**
2) **Task the management to ensure that they fulfil 6% required funding to NAADS to avoid shortfalls.**

13.5 Items not taken on charge

The examination of vouchers and stores inspection indicated that items worth UGX 11,445,400 were not taken on charge in the stores ledger. There is a risk that the items may not have been supplied. The committee should,

1) **Find out whether the Accounting Officer is implementing the role of taking charge of items in the stores ledger.**

14 TORORO DLG

14.1 Budget Performance

UGX 28,45bn was budgeted for but only UGX 23,66bn was released by Central Government leading to a shortfall of UGX 4,80bn and still in the preceding year a shortfall of UGX 14,467,234,287 (40%) was realized. Out of a sample of planned projects worth UGX 1,69bn only projects worth UGX 123 million were completed, the rest were either work in progress or not done. This was attributed to the budget cuts by the MoFPED, limited capacity of the contractor and delays in contracting the contractor.
The committee should,

1) Find out whether management has developed strategies of implementing projects on a timely basis as advised by the OAG.
2) Find out from the management whether they have liaised with MoFPED in order to increase funding

14.2 Stores Records

The following shortcomings were identified during the audit of the stores maintenance records, Stores issues are not preceded by a requisition from the user department, Where stock is issued, the ledgers do not show the person to whom the assets are issued, Instead, they are recorded as issued to departments The board of survey report for 2010/2011 was not presented for verification,

No firefighting equipment is maintained in the stores and this exposes the stores to risks of fire

The committee should,

1) Find out from the management whether steps were taken to address the stores maintenance records as promised.

Table 10. The table showing Budget Performance

<table>
<thead>
<tr>
<th>NO</th>
<th>DISTRICT</th>
<th>F/Y</th>
<th>BUDGET FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>SHORT FALL (UGX)</th>
<th>INCOMPLETE ACTIVITIES (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TORORO</td>
<td>2010/1</td>
<td>28,045,000,000</td>
<td>23,066,000,000</td>
<td>4,080,000,000</td>
<td>1,069,000,000</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>2012/13</td>
<td>35,972,648,837</td>
<td>21,505,414,570</td>
<td>14,467,234,267</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTALS</td>
<td></td>
<td>64,017,488,837</td>
<td>44,571,414,570</td>
<td>18,547,234,267</td>
<td>1,069,000,000</td>
</tr>
</tbody>
</table>

There was likelihood of poor service delivery to the local community in the district
14.3 Cash and Cash Equivalents

The balance in the schedule of bank balances of UGX 1,733,260,592 was arrived at after netting off balance of overdrawn bank balances against credit balances instead of separately showing the two in the balance sheet as Short term borrowings and cash and cash equivalents.

This could have misrepresented the financial statements and performance of the distinct
The committee should,

1) Find out whether management has presented the credit balances as Cash and Cash Equivalents and the overdrafts as short term borrowings.

14.4 Un-authorized Expenditures

It was however noted that UGX 9,815,000 was paid out for different activities that were neither authorized by the CAO nor budgeted for.

Expenditure on un-budgeted activities is irregular and results into spending on un-prioritized activities which are not in line with the entity objectives.

The committee should;

1) Task the Accounting officer to explain the cause of unauthorized expenditure.

14.5 Un-approved Budget revision

The entity revised the estimates but there was no evidence of council approval availed for audit verification. The revision of estimates without council authority cannot be ruled out.

The committee should,

1) Task the management to explain why they did not adhere to the regulations.

14.6 Non-compliance with SFG guidelines

It was noted that all primary schools, where SFG projects were implemented, the school management committees did not approve certificates of work.

This anomaly could have caused a risk of unsatisfactory and/or incomplete works being paid.
The committee should,

1) Find out from the accounting officer whether the SFG were approved as directed by OAG.

14.7 Water Services

It was noted that the District, which had 400,260 persons (80,052 households) had 1,197 water sources. 188 springs were protected while 17 were unprotected, 661 boreholes were functional while 16 were non-functional. The hand dug well had 21 functioning and 06 nonfunctioning. The water kiosks with a total of 288 are all functional. The safe water coverage was 58.5%, implying that 234,152 persons out of 400,260 persons had access to safe water.

The dry season spells caused some water sources to become non-functional according to water users.

This reduced the access to safe water and endangered the lives of the other 41.5% of the population in the District.

The committee should,

1) Find out from the management whether all the available water sources are protected to prevent contamination.
2) Find out from the management whether the nonfunctional water sources were rehabilitated.
3) Find out from the management whether the safe water coverage was increased.

14.8 NAADS Co-funding by District

It was noted that in the year (2011/2012), the District did not co-fund the program thereby contravening the program requirements and affecting the implementation of planned program activities.

The committee should;

1) Find out whether the District has prioritized co-funding of the NAADS activities to enable successful implementation of all planned programs.
2) Task the management to ensure that they fulfil 6% required funding to NAADS to avoid shortfalls.
149 Construction of an Office Block at Petta Sub-County

Construction works was contracted out at UGX 77,575,143 to Speed Construction Ltd and by the end of the period, the contractor had been paid UGX 68,911,098. During audit inspections however, it was noted that the ceiling and floor already had cracks, the finishing and painting on the walls was poorly done e.g. the locks which were already broken, fascia boards were already cracked and Gauge of roofing iron sheets used was not 28mm, as required.

The office block would have caused a danger to the users since there were cracks and the property was bound to be stolen because the locks were of poor quality.

The committee should:

1) Find out from the management whether the contractor rectified the poor works identified on the office block.

2) Ask the accounting officer to explain why there is minimal supervision on the construction projects.

15 BUSIA MUNICIPALITY

151 Budget Performance

A discrepancy of UGX 43,117,839 was realized in 2010/11 however in the preceding year there was a shortfall of UGX 589,082,382. Out of UGX 484,666,588 committed to projects, UGX 406,666,588 were completed and UGX 78,000,000 was incomplete. This was attributed to unexplained under releases by MoFPED and also the limited capacity of the contractor.

There was likelihood of poor service delivery to the local community in the district.
Table 11, Table showing Budget Performance

<table>
<thead>
<tr>
<th>NO</th>
<th>DISTRICT</th>
<th>F/Y</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RELEASED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>DISCREPANCY (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
<td>2012/2013</td>
<td>6,912,700,809</td>
<td>6,323,618,27</td>
<td>589,082,382</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>9,488,564,311</td>
<td>8,942,599,768</td>
<td>589,082,382</td>
<td>43,117,839</td>
</tr>
</tbody>
</table>

The committee should,

1) Find out whether management has developed strategies of implementing projects on a timely basis as advised by the OAG

2) Find out from the management whether they have liaised with MoFPED in order to increase funding.

15.2 Financial Statements

The program expenditure figures of Fin & planning, Health, Education, Roads & engineering and water reflected in the income and expenditure statement amounting to total of UGX2,880,458,926 do not agree with the figures in the Trial Balance total of UGX2,199,115,260 giving a difference of UGX681,343,611 in the FY 2011/2012

This could have misrepresented the financial statement and therefore not accurate which can mislead the stakeholders

The committee should,

1) Ask the Accounting officer to explain the cause of the difference

2) Task the Account officer to present the reconciled account balances and amended financial statements

15.3 Cash and Cash Equivalent

The cash and cash equivalent of UGX 57,590,709 was arrived at after netting of both the credit balances and overdraft instead of separately showing the two

There was a likelihood of misrepresentation of the financial statements and performance
of the district
The committee should,

1) Task the Management to provide the adjusted financial statement

16 MBALE MC

16.1 Budget Performance 2010/2011

A total amount of UGX 4,984,103,083 was budgeted for but only UGX 4,659,833,004 was released by Central Government leading to a shortfall of UGX 324,270,080. UGX 4,659,833,004 was committed to 24 projects in 4 sectors however by the end of the year, only 18 of the planned projects were completed. This was attributed to limited capacity of the contact and inadequate funding from MoFPED.
There was likelihood of poor service delivery to the local community in the district.

The committee should;

1) Find out whether management has developed strategies of implementing projects on a timely basis as advised by the OAG
2) Find out from the management whether they have liaised with MoFPED in order to increase funding.

16.2 Un-budgeted for Expenditure

The total of UGX 148.6 million was incurred on road fund, retention on rescaling, water/sanitation, drainage, LAN installation and construction of hall and supply of furniture which were not approved by the council.
This would have led to inadequate funding for the other activities planned and budgeted hence poor goods and services delivery.

The committee should.

1) Task the accounting officer to explain the excess expenditure without approval by the council

16.3 Unexplained Direct Bank

There were no explanations by the bank regarding the debits totaling to UGX 8,852,400 which was debited to the General Fund account.
This could have made the funds doubtful

The committee should;

1) Task the management to provide accountability for the funds

16.4 Double Charge of Public Funds
During the FY 2011/2012, council paid staff amount to the tune of UGX 8, 888,500 purported to facilitate them for workshops, and however examination revealed that they were being facilitated for by the organizers and such payments amounted to. It was explained that the organizer did not adequately cater for the workshops. This could have presented double payment and therefore loss of government funds. The committee should,

1) Find out whether the accounting officer has recovered the funds.

16.5 Failure to Transfer CDD Funds to Divisions

UGX 30 million was transferred to both Northern Division Council and Wanale Division Council in equal instalments of UGX 15m each. By the end of the financial year 2010/2011, Industrial Division had not received any funding in spite of over UGX 46m reflected as unspent balances. This could have hampered CDD activities at the industrial division. The committee should,

1) Find out from the accounting officer why the funds were not transferred.
16.6 Over Spent Codes
It was established that during the first six months of the financial year Council had overspent a number of codes to the tune of UGX 98 5m
This was because there was no strict budgetary control procedures
The element of overspending the whole financial years vote just in six months might have been an indicator to wasteful expenditure and violation of the Commitment Control system by the affected vote controllers
The committee should;
   1) Task Management to avail evidence that abstract were properly maintained.

16.7 Accounting Software

Council together with its Divisions procured a Ledger Works Accounting Software and Property Management Software from MS Systems at UGX 29.4 million without the endorsement/authority of the Accountant General. The system was installed in only two local government units instead of four and it would not integrate budgeting, revenue collection and the LG accounting. This made audit trail is not clear and likelihood that this expenditure was wasteful
The committee should;
   1) Task the accounting officer to explain why the system was purchased without approval.
   2) Find out from the accounting officer installation of the system was done in only two local government units instead of four
   3) Find out from the accounting officer why the system was supplied without a user manual and no user training was done.

16.8 Reconciliation of Central Government Grants
The Municipality financial statements revealed that UGX 8, 779, 211,650 was received by the Local Government, while the information on releases from MoFPED showed total releases of UGX 7,124,806,487. This shows a discrepancy of UGX 1,654,405,163 received by the local government
This un-reconciled government releases position could have made the funds doubtful
The committee should;
   1) Find out whether the accounting officer followed up with the MoFPED to reconcile the two positions and if yes provide the certificate of reconciliation
   2) Task the Management to explain the cause of the discrepancy
16.9 Lack of a physical plan for the Municipality
Audit noted that unapproved structures were constructed in areas that had been reserved as green belts e.g. near the Clock Tower while others were built on top of sewer lines.
The municipal council has failed to enforce compliance to the physical plan.
The entire Municipality was bound to develop into a slum, with increased crime rate, disease outbreaks and general disorder leaving the lives of the general public at risk.
The committee should,
1) Ask the accounting officer to avail the physical plan of the municipality.
2) Find out from the accounting officer whether the physical plan was enforced.

16 10 Resealing and drainage works along Gangama Road

Gangama Road revealed that the road was contracted out in the financial year 2010/11 to M/s Doka Investment Ltd at UGX 349,951,231 and construction was completed. It was noted however that within one year it had already developed potholes. The road is poorly maintained with overgrown grass along the sides and in the drainage systems.
This was due to the poor workmanship of the contractors.
This could have made the use of the road difficult by the general public.
The committee should,
1) Find out from the accounting officer whether the road was rectified by the contractor and task to provide the signed contract agreement
2) Find out from the accounting officer whether the roads are properly maintained.

16 11 Intangible Asset (Website)
The Municipal Council purports to have an intangible asset (Website) worth UGX 14,317,280, however the asset was not amortized. Audit noted that the website had never functioned since its installation and the internet service had been off for months.
A mock login revealed that the Website was nonfunctional.
The council would have not reaped the required benefits from the asset.
The committee should,
1) Find out from the management whether the website has been written off from the books of accounts.
16 12 Irregular Budget Revision

The audit revealed that the budget was revised down from UGX 15, 466,252,111 to UGX 8,255,599,507 with no evidence of approved revision done. The review of the budget was due to the failure to realize fully certain grants like PRDP, LGMSD, FSG, and USAMID. This would have rendered the revision unauthorized.

The committee should,

1) Task the management to provide accountability of the road fund of FY2010/2011-2013/2014.
2) Ask the management to provide a list of available Assets

16.13 Unaccounted for stores

The inspection carried out on stores revealed that items worth UGX 91,903,000 were not taken on charge and not properly issued out on issue vouchers. The absence of evidence of receipt and issue from stores creates a risk that some items may not have been supplied.

The committee should,

1) Task the accounting officer to explain why all the items were not charged in the stores ledger
2) Find out from the accounting officer whether all procurements were properly recovered in the store.

17 TORORO MC

17.1 Non Maintenance of Accounting Records

It was however noted that the accounting records such as quarterly statement of arrears of revenue, monthly trial balances, monthly consolidated statement of income, quarterly financial statement for recurrent and development revenues, annual schedule of council debtors, accountable stationery registers were not maintained contrary to the regulation.

This could have made tracing of the audits difficult.

The committee should,

1) Task the management to explain why the books of account were not rightfully maintained.
2) Task the management to avail the detailed books of account of the FY 2011/2012

17.2 Items Not Taken on Charge

It was noted that items worth UGX 6,556,880 purchased were not recorded in stores records in absence of the afore mentioned.

The confirmation of whether the actual items were procured, received in the stores and put to proper use was made difficult.

The committee should,

1) Ask the management to explain the cause of the anomaly
2) Task the management to provide the complete stores record of FY 2011/2012

17.3 PLE Performance

The percentage of pupils passing in grade I has not changed in the three years under review while those in grade II increased in 2010 and then reduced in 2011. The percentage of pupils who failed (Grades U and X) in the years 2009, 2010, and 2011 were 7.4%, 3.4% and 4.2% respectively.

The poor performance is attributed to the inadequate classrooms, inadequate trained teachers, absenteeism and pupils going without meals.

This could have caused pupils to fail to proceed to the next level of education and their future career opportunities were thus limited.

The committee should,

1) Find out from the management whether they have liaised with all the stakeholders to mitigate the challenges
2) Find out from the management on how far they have gone to solve the problem
H – MBARARA AUDIT REGION

1 BUHWEJU DLG

1.1 Budget Performance specifically revenue

Table 1

<table>
<thead>
<tr>
<th>NO.</th>
<th>FINANCIAL YEAR</th>
<th>BUDGETED REVENUE (UGX)</th>
<th>REALIZED REVENUE (UGX)</th>
<th>SHORTFALL (UGX)</th>
<th>CONSEQUENCE</th>
<th>REMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2012/2013</td>
<td>UGX 7,8 35,309.056</td>
<td>UGX 6,018,631,500</td>
<td>UGX 1,81 6,677,556</td>
<td>Capital development projects were not implemented</td>
<td>Management did not fully fulfill its mission of service delivery</td>
</tr>
<tr>
<td>2</td>
<td>2011/2012</td>
<td>UGX 7,3 37,229.00</td>
<td>UGX 5,875,328,386</td>
<td>UGX 1,4 61,900,614</td>
<td>Planned activities under the Community Agriculture investment Program were not implemented</td>
<td>Management did not fully fulfill its mission of service delivery</td>
</tr>
</tbody>
</table>

The committee should however investigate whether realistic budgets were realized in the subsequent years as advised by the Auditor

1.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was also noted that there was discrepancy of actual grants received by the local government from the (MoFPED)
The District financial statements showed an amount of UGX 5,741,612,000 whereas MoFPED shows a total of UGX 4,916,399,065 as having been released to the district leading to unexplained difference of UGX 701,019,310.

The Committee should task the Accounting Officer to explain the difference and show the accountability of the received funds, this is so, to ascertain the implementation of planned activities.

1.3 Poor Primary School Performance

Performance of primary seven (P7) pupils over the two years indicated deterioration in performance with some pupils in grade X and U who have finished primary education but without certificates leading to an increased failure rate by 5%. The table below refers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total candidates</th>
<th>Grade I</th>
<th>Grade II</th>
<th>Grade III</th>
<th>Grade IV</th>
<th>Grade X</th>
<th>Grade U</th>
<th>Failure rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,419</td>
<td>106</td>
<td>620</td>
<td>258</td>
<td>83</td>
<td>57</td>
<td>75</td>
<td>5.2%</td>
</tr>
<tr>
<td>2011</td>
<td>1,195</td>
<td>135</td>
<td>656</td>
<td>292</td>
<td>164</td>
<td>46</td>
<td>126</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

This may be due to poor learning environment and absenteeism by teachers and pupils.

Unchecked performance may impact negatively on quality of primary graduates and may increase illiteracy and poverty levels.

The Committee should task management to explain their progress on inspecting schools, designing programs that promote high performance and absenteeism by both teachers and pupils.
1.4 Irregular vehicle Repairs

UGX 19,937,640 was paid for repairs but lacked requisitions from the driver, pre and post inspection reports by the Engineer, Proforma invoices and Local Purchase Orders contrary to regulations. I could not confirm whether repairs were done.

Although management explained that, the vehicles were old and were inherited from Bushenyi the mother district. The vehicles often breakdown while in field and therefore need for immediate attention.

The Committee should therefore find out whether those repairs indeed were done and advise the management to comply with the regulations and mitigate the risk of misappropriation of funds through repairs.

1.5 Monitoring Work Plans

The district uses OBT (Output budgeting tools) to monitor the work plan, however, the tool does not show the targeted output, actual output and budget for these activities.

It merely shows the total expenditure per each vote or sub-vote. In addition, the work plan is not properly aligned with the budget lines.

Although management promised to streamline the monitoring tools,

The Committee should also task the Accounting Officer to streamline the monitoring tool and ensure that work plans are properly aligned with the budget.

1.6 Service Delivery Inadequacies (UPE Management and School Dropout)

Out of 15 schools chosen at random from 79, Primary one enrolment of 310 enrolled 2004, only 106 completed Primary seven representing only 34% completion rate. This also indicates 66% drop out rate. Table below refers.

Table 3
In response, management attributed this to early marriages, lack of scholastic materials, child labor and absenteeism

The Committee should encourage the District to sensitize the parents on the benefits of taking their children to school and strict measures put in place

1.7 Poor Primary School Performance

Performance of primary seven (P7) pupils over 7 years in 37 primary schools indicated some improvements but with some pupils in grade X and U who finished primary education but without certificates. This may be due to harsh social-economic environment for pupils. Table and graph below refers

<table>
<thead>
<tr>
<th>Sub county</th>
<th>Number schools</th>
<th>DIV I</th>
<th>DIV II</th>
<th>DIV III</th>
<th>DIV IV</th>
<th>DIV V</th>
<th>DIV VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bihanga</td>
<td>5</td>
<td>40</td>
<td>84</td>
<td>21</td>
<td>11</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Burere</td>
<td>7</td>
<td>6</td>
<td>63</td>
<td>53</td>
<td>58</td>
<td>34</td>
<td>18</td>
</tr>
<tr>
<td>Engaaju</td>
<td>2</td>
<td>1</td>
<td>45</td>
<td>18</td>
<td>5</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Nyakishana</td>
<td>3</td>
<td>4</td>
<td>66</td>
<td>14</td>
<td>4</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Karungu</td>
<td>8</td>
<td>25</td>
<td>143</td>
<td>48</td>
<td>14</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Bisya</td>
<td>5</td>
<td>10</td>
<td>67</td>
<td>45</td>
<td>10</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Rwengwe</td>
<td>6</td>
<td>14</td>
<td>131</td>
<td>57</td>
<td>10</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Nsika TC</td>
<td>1</td>
<td>2</td>
<td>21</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

The Committee should encourage management to increase on school inspections, design programs that promote high performance and to avoid absenteeism by both teachers and pupils.
2 BUSHENYI DLG

2.1 Supply of a double cabin pick-up

UGX 49,567,039 was paid to Walusimbi's Garage on the 30th May 2013 as part payment for the supply of a brand new double cabin pick up valued at UGX 130,000,000 on EFT 1000188. It was noted that the initial vehicle supplied did not meet the required specifications and it was rejected by the District. The supplier requested for more time to deliver the right vehicle.

However, by 30th September 2013 the vehicle had not been supplied and management explained that the contract was terminated and a notice of intention to sue the supplier through the district lawyer was issued for recovery of the funds and this amount was not disclosed as receivable in the financial statements.

The committee should investigate whether the funds were recovered and as well find out whether the right vehicle was supplied.

2.2 Non-implementation of Council Resolutions

A review of council minutes held on 27/10/2011, Min 51/2011(b), revealed that a resolution for recovery of CIS funds totaling UGX 27,445,000 from the senior statistician’s salary was passed by council.

However, management did not implement the resolution. Although the District Technical team (management) had reported that UGX 8,239,205 had been recovered leaving a balance of UGX 19,060,173.

There was however, no evidence to support recovery.

The committee should ask the District to provide evidence of the recovery of the mentioned funds and the committee needs to subsequently find out whether full recoveries were made.
2.3 Subsidized rates of District houses

A review of management of the district houses revealed that the district has no specific policy regarding rental income from the houses. A scrutiny of related documentation revealed the following anomalies:

That the District Administration subsidizes staff instead of using the houses as a good source of local revenue. Senior non-staff members were allocated the houses at the same rates as staff such as the RDC and DRDC and yet they owe the district arrears of rent.

There were no individual rental ledgers to track the monthly payments and indebtedness. There were no tenancy agreements with 14 of the tenants.

The committee should interest itself in finding out whether the District rented out commercial rates to staff as advised by the Auditor General and whether the District maintained individual ledgers as well as collected the outstanding arrears of revenue with the tenants and tenancy agreements signed with all.

2.4 Non-declaration of safes

The Auditor General was not provided with the register of safes being used in different departments, as the District contrasted with the LGFAM 2007, section 233(1).

However, a review of the asset register for the district revealed that only two safes had been recorded therein. A physical inspection revealed that there are seven safes in the entire establishment.

An attempt to get explanation why some safes were not being declared proved futile and this irregularity may lead to misuse of these safes.

DISTRICT SAFES

Table 5
The committee needs to find out whether the Accounting Office recorded all safes owned by the District in the fixed assets register and whether they were availed to the Auditor General for Audit verification.

2.5 Monthly and Quarterly Commitments reports

The District did not prepare the respective reports contrary to Paragraph 5.2.1.2 of the Local Government Financial and Accounting Manual 2007.

The Auditor General could not verify the stated balance of outstanding commitments.

The Accounting Officer had no response to the query, Therefore the committee needs to check whether the District has a maintained register and reports as required.

2.6 Non preparation of Departmental reports

The District did not prepare Departmental reports, though management explained that, they were prepared using OBT (Output Budgeting Tool) but the format of the reports was not complying with the requirements under the regulation.
The committee needs to investigate whether management engaged the relevant authorities and the reports produced under the OBT comply with regulations.

2.7 Failure to appraise the District staff

Audit showed that 80% of the staff were not appraised, similarly, their performance plans were not filled and filled contrary to the standing orders.

Though management explained that the appraisals were hampered by split of the District, the committee should find out whether the all staff were appraised in the subsequent years.

3 IBANDA DLG

3.1 Transfer of funds to lower Local Government

UGX 87,081,274 remitted to Sub-Counties and town councils lacked acknowledgement receipts. In the circumstances, the Auditor General could not ascertain whether these funds were received by the intended beneficiaries.

Therefore the committee needs to ascertain whether acknowledgement receipts were received by management and if not, appropriate measures should be taken.

3.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)

In the year ended 2012, the Auditor General noted that there was discrepancy of actual grants received by the local government and the amount remitted by (MoFPED).

The District financial statements showed an amount of UGX 13,357,823,198 whereas MoFPED shows a total of UGX 13,179,055,540 as having been released to the district leading to an unexplained difference of UGX 178,767,658.

The committee should task management to explain the difference.
3.3 District NAADS Account. Failure to meet Co-funding Obligation

Out of the UGX 19,002,250 co-funding obligation to NAADS program for the year, only UGX 8,000,000 was co-funded leaving a shortfall of UGX 11,002,250 This implies that the planned activities were not fully implemented.

Though management explained that the shortfall related to arrears of co-funding accumulated from previous years and promised to pay in installments over time as revenue base improves, the committee needs to interest itself in finding out whether the mentioned funds were paid.

3.4 Kijongo Sub-County NAADS Account Funds Flow

In the year ended 2012, the Auditor general noted that although the farmers met their obligation to co-fund the project, the sub-county did not fully meet its obligation as shown below.

Table 6

<table>
<thead>
<tr>
<th>Details</th>
<th>Budget</th>
<th>Actual</th>
<th>Funding gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPF</td>
<td>77,364,000</td>
<td>56,508,645</td>
<td>20,855,355</td>
</tr>
<tr>
<td>Co-funding Obligation</td>
<td>Farmers 1,528,667</td>
<td>3,041,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>S/C 5,467,071</td>
<td>1,500,000</td>
<td>3,967,071</td>
</tr>
</tbody>
</table>

The committee has to ascertain whether the sub-county remitted all the co-funding and inspect whether the planned NAADS activities were implemented.

3.5 Board of Survey Reports

Contrary to the LGFA regulations, the Boards of Survey were not constituted for the financial years, 2010-11 and 2011-12 as required. This was due to failure by the chief executive to constitute Boards of Survey in time. It was not possible,
therefore, to confirm or verify the accuracy of the cash balances, stocks of stores items as well as the other physical assets at the end of the year.

The has to ascertain whether the Accounting Officer constituted the Board of Survey at the end of each financial year to take stock of council assets, and ascertain their condition, in accordance with the financial and accounting regulations.

3.6 Excess Expenditure

It was noted that UGX 19,652,193 was incurred in excess of budgetary provisions on some items as a result of lack of up-to-date vote books and virements.

Although management explained that, the virements were available, but they were not presented for verification.

The committee should ascertain whether the respective management approve (d) excess expenditure and inspect whether the intended activities were or are implemented.

3.4 ISINGIRO DLG

4.1 Un-vouchedered fuel expenditure

It was observed that UGX 2,000,000 spent on fuel lacked necessary documentation, such as invoices, consumption schedules and activity reports, as shown below.

Table: 7

<table>
<thead>
<tr>
<th>Vr. No.</th>
<th>Cheque no.</th>
<th>departmen</th>
<th>details</th>
<th>payee</th>
<th>amount</th>
<th>comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/5</td>
<td>3266</td>
<td>admin</td>
<td>Fuel supplied</td>
<td>Petrocity enterprise</td>
<td>1,000,000</td>
<td>No activity report</td>
</tr>
<tr>
<td>4/2</td>
<td>3214</td>
<td>admin</td>
<td>Fuel supplied</td>
<td>Petrocity enterprise</td>
<td>1,000,000</td>
<td>No activity report</td>
</tr>
</tbody>
</table>
The committee should interest itself in finding out whether the consumed fuel was used for the district activities as well as present accountabilities for verification.

### 4.2 Unapproved Contract Extensions – UGX 674,517,833

Contrary to the PPDA provision, a review of sampled works procurements revealed that contracts worth UGX 674,517,833 were still on going beyond the contract durations without approval of extension by the contracts committee.

This could be an indication of lack of capacity by the contractor and lack of close monitoring and supervision by contract managers.

Although the management attached the phenomenon to failure by MoFPED to return the funds for financial year 2011/2012. The committee should ascertain whether subsequent contract extensions were approved by the contracts committee, if not, management will be culpable.

### 4.3 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was also noted that there was discrepancy between actual grants received by the local government from the (MoFPED) and the amount released by MoFPED. The District financial statements showed an amount of UGX 16,783,294,136 whereas MoFPED shows a total of UGX 16,422,085,937 as having been released to the district leading to unexplained difference of UGX 361,208,199.

The committee should task management to explain the difference.
4.4 Irregular transfer of funds to Rugaaga Meat Producers and Processors Cooperative Association

During the year ended 2012, the District transferred UGX 30,000,000 to Rugaaga Meat Producers and Processors Cooperative Association for the construction of a mini-abattoir. However, the following anomalies were identified:

- The funds were transferred before the signing of Memorandum of Understanding between the district, Rugaaga Sub County and the Association.
- The Auditor General could not also establish whether the Association was registered and has the capacity to implement the project.
- The Auditor General could not as well establish the criteria used to select the Association among others in other Sub Counties in the District.

The committee should ascertain whether management monitored the funds transferred to the Association and inspect the intended purpose of the funds.

4.5 Irregular Payment of VAT

The supply of specialized vehicles, plant and machinery, feasibility studies, engineering designs, consultancy services and civil works related to hydro-electric power, roads and bridges" construction and public water works, agriculture, education and health sectors were exempted from VAT.

The committee should ascertain under what circumstances management paid VAT of UGX 6,327,458 contrary to the VAT Act and if possible the monies should be recovered.

4.6 Staff Personnel Files

It was noted that personnel files are not adequately maintained. Some lacked some basic details including passport photographs, academic details and Curriculum Vitae of staff. The files should also contain.
Wage/salary administration such as wage and or salary increase/decrease,

- Copies of forms filled in by employee acknowledging their receipt and reading of the employee Handbook.
- Pay advance request record
- Performance appraisal forms
- Disciplinary records and
- Training evaluation reports and details

The committee should ascertain whether management has adhered to the regulations

**4.7 Apparent Conflict of Interest and Unverified Water Sector Civil Works**

The District water Officer was a signatory to the bank account of the construction company contracted to execute works under his sector contrary to paragraph 4.6 of Public Service Standing orders 2010 and Local Government Procurement Regulations 20(2) that prohibits members of Council and employees from executing contracts with the District as table below refers.

**Table 8**

<table>
<thead>
<tr>
<th>S/n</th>
<th>Contract ref.</th>
<th>Project name</th>
<th>Contract sum (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>ISIN560/WRKS/10-11/00018</td>
<td>Construction of 2 no 5 stands VIP pit latrines at Endiinzi P/S and Ruborogota T/C</td>
<td>22,508,136</td>
</tr>
<tr>
<td>02</td>
<td>ISIN560/WRKS/10-11/00024</td>
<td>Construction of hand dug shallow wells</td>
<td>14,580,594</td>
</tr>
<tr>
<td>03</td>
<td>ISIN560/SUPLS/10-11/00049</td>
<td>Supply of contraction materials to sub counties</td>
<td>68,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>105,088,730</strong></td>
</tr>
</tbody>
</table>
In addition, shallow wells could not be inspected because the District staff refused to take the auditor(s) to the sites. Unsatisfactory, nonexistent works and fraud may not be ruled out.

The committee needs to investigate the matter and take appropriate action.

4.8 Management and performance of Primary Education

4.8.1 UPE Schools performance

Analysis of performance in 89 schools across Isingiro District out of the 189 schools in the district revealed unsatisfactory performance as shown below.

Table. 9

<table>
<thead>
<tr>
<th>Grade</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade I</td>
<td>131</td>
<td>104</td>
<td>59</td>
<td>84</td>
<td>143</td>
</tr>
<tr>
<td>Grade II</td>
<td>852</td>
<td>992</td>
<td>793</td>
<td>874</td>
<td>1188</td>
</tr>
<tr>
<td>Grade III</td>
<td>357</td>
<td>411</td>
<td>814</td>
<td>818</td>
<td>559</td>
</tr>
<tr>
<td>Grade IV</td>
<td>166</td>
<td>166</td>
<td>262</td>
<td>306</td>
<td>238</td>
</tr>
<tr>
<td>Grade V</td>
<td>83</td>
<td>132</td>
<td>291</td>
<td>255</td>
<td>234</td>
</tr>
<tr>
<td></td>
<td>1589</td>
<td>1805</td>
<td>2219</td>
<td>2137</td>
<td>2362</td>
</tr>
</tbody>
</table>

The committee needs to ascertain whether management instituted mechanisms to curb absenteeism and other factors that affect UPE schools.

4.8.2 School Drop Outs

A review of pupil enrolment trends for the years 2004-2010 in 79 primary schools out of 189 schools in the District revealed a high dropout rate of 54.6%. Refer to summary table below.

Table. 10

<table>
<thead>
<tr>
<th>Primary School</th>
<th>P3</th>
<th>P4</th>
<th>P5</th>
<th>P6</th>
<th>P7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>2006</td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
</tr>
</tbody>
</table>
The negative trend may be due to high poverty levels and lack of district policy to force pupils back to schools. This may lead to declining literacy levels and worsening poverty in the long run.

Although management explained that, it may be partly due to transfer of pupils to private schools, it is not satisfactory, however, the committee should ascertain whether management formulated a policy of enforcing education as mandated.

4.9 Fuel Mismanagement

The District drew fuel from the fuel station by official vehicles that were purportedly carrying out official activities however, scrutiny of the fuel orders revealed that, they were issuing vehicles which were boarded off and grounded far back in 2009. The payments were made as follow,

a) Double Cubin pickup registration LG0023-31 purportedly consumed fuel worth UGX 1,947,600. Photograph below refers

![Image of a vehicle](image)

b) Vehicle Registration LG 0002-31 also boarded off and grounded consumed fuel worth UGX 340,000
No explanation was provided but fraud by unfaithful employees may not be ruled out.

The committee needs to interrogate the respective officers for non-compliance and should if possible return the monies.

3.5 KABALE DLG

5.1 Reconciliation of central government grants (Treasury Releases to Districts)

It was also noted that there was discrepancy of actual grants received by the Local Government from MoFPED. The District financial statements showed an amount of UGX 30,258,999,559 as having been received whereas MoFPED shows a total of UGX 30,736,576,817 as having been released to the District leading to unexplained difference of UGX 477,577,258.

The committee should hold management explanatory on the difference.

5.2 Audit of the Works Stores at the Yard and Medical Stores

Inspection of stores revealed that they were in a state of disorder as shown by the following pictures:

<table>
<thead>
<tr>
<th>Photo</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Photo 1" /> <img src="image2.png" alt="Photo 2" /></td>
<td>There were bicycles meant for parish chiefs but were kept in the stores. The items are not serving the intended purpose.</td>
</tr>
<tr>
<td><img src="image3.png" alt="Photo 3" /></td>
<td>These are Jerr cans of crude waragi which was confiscated by police. These pose a risk in case of a fire outbreak.</td>
</tr>
</tbody>
</table>
There were 11 motor cycles in the medical stores and we could not establish why they were not being used. There were no clear documentation of yet these Motorcycles.

The committee has to inspect the mentioned areas and take appropriate action if the mentioned disorder was not addressed.

5.3 Poor Grades in schools

Review of school performance revealed there was poor performance in 2011 with only 2.6% in division one and majority in division II and division III as shown in the table below.

Table 11

<table>
<thead>
<tr>
<th>Grade</th>
<th>M</th>
<th>F</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Div 1</td>
<td>135</td>
<td>89</td>
<td>224</td>
<td>2.6</td>
</tr>
<tr>
<td>Div II</td>
<td>1584</td>
<td>1513</td>
<td>3097</td>
<td>36.1</td>
</tr>
<tr>
<td>Div III</td>
<td>954</td>
<td>1371</td>
<td>2325</td>
<td>27.1</td>
</tr>
<tr>
<td>Div IV</td>
<td>505</td>
<td>1039</td>
<td>1544</td>
<td>18.0</td>
</tr>
<tr>
<td>Div U</td>
<td>347</td>
<td>706</td>
<td>1053</td>
<td>12.2</td>
</tr>
<tr>
<td>Div X</td>
<td>150</td>
<td>184</td>
<td>334</td>
<td>3.9</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>8577</td>
<td></td>
</tr>
</tbody>
</table>

The percentage of best grades are for below the total number of candidates who sat for PLE.
This may be due to demotivated UPE teachers and absenteeism of both pupils and teachers.

The committee should find out whether management instituted mechanisms to curb absenteeism and other factors that affect UPE.

5.4 Irregularities Motor Vehicle Repair

It was noted that, UGX 2,806,500 were incurred for motor vehicle repairs without pre-inspection report detailing the repair requirements and post-inspection report to ascertain whether the repair work had been properly done.

Management attributed it to lack of Engineering Assistant and as a result repairs could not be confirmed.

The committee needs to ascertain whether repairs in the subsequent work was properly managed.

5.5 Long Outstanding Unrecovered Advances

Advances amounting to UGX 16,807,794 were outstanding for more than three years. Included in the advances is UGX 6,922,000 accruing to the former Accounting Officer which is considered uncollectible because the accounting officer won a court case relating to the advance. The balance of UGX 9,885,794 were advances made to the supplier and Public Accounts Committee of Parliament had recommended recovery but in vain. The balance sheet is therefore overstated by those advances.

Management explained that they are in a process of writing off some advances.

The committee has to find out whether the advances were written off.
5.6 Primary School Dropout Annual Rate at 11%

The Senior Education Officer analysis revealed that, the primary school annual drop-out rate was high at 11%.

The high rates were attributed to early marriages by girls and boys engaging in paid for activities at an early age and lack parent encouragement.

Management submitted that, mobilization of pupils remain the district priority.

However, the committee has to find out whether the trend has reduced and if not yet it is the District priority, management should be held culpable for negligence.

5.7 Budget Management

The District had budgeted for UGX 28,198,385,492 but received UGX 27,414,478,313 from central government leading to a shortfall UGX 783,907,179.

Out of the amount released, UGX 2,339,564,070 was committed to 116 projects in the health sector, education, water and works sectors. By the end of the year only 102 of the planned activities worth UGX 1,669,317,272 were complete, and the 14 activities worth UGX 670,246,798 were either work in progress or incomplete, due to various reasons including limited capacity of contractors.

Amidst the above challenges, the committee should interest itself in ascertaining whether management implemented its activities in the subsequent years.

6. KANUNGU DLG

6.1 Unverified domestic arrears

It was, observed that UGX 23,983,318 was paid to settle domestic arrears [2012/2013] as shown in below

Table: 12
<table>
<thead>
<tr>
<th>Vr</th>
<th>Amount</th>
<th>Payee</th>
<th>Purpose</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/08</td>
<td>2,069,510</td>
<td>Byaruhanga Ambrose</td>
<td>Gratuity for 2011/2012 &amp; 2012/2013</td>
<td>Evidence of outstanding not seen</td>
</tr>
<tr>
<td>18/10</td>
<td>7,366,500</td>
<td>Ex Tech</td>
<td>Consultancy fee on Kihanda GFS designs</td>
<td>Bill for 2012/2013</td>
</tr>
<tr>
<td>24/11</td>
<td>2,286,808</td>
<td>MTN LTD</td>
<td>Telecommunication bills for three years</td>
<td>Proof for bills existence not seen</td>
</tr>
</tbody>
</table>
| Statutory | 3,730,000| Saturday            | Sitting allowances-cc(13th & 29

Although the Accounting Officer explained that the payments related to outstanding commitments for the financial year ended 30th June 2013. The committee needs to further investigate the matter.

### 6.2 Unfair recruitment of road overseer and headman

A review of the District report on the recruitment process revealed that the process was not fairly done as some applicants were not selected on merit. On conducting the interview for road overseers, five applicants were interviewed.

The panel considered three candidates who scored between 80% and 82% but eliminated a 4th one with a score of 80% under unclear circumstances.
On recruitment of a headman for Kihhi-Matanda-Kameme road, two candidates scored 62% and 64% but the one who scored highest was not selected on grounds that he was over qualified. Unfair selection could result into the district recruiting incompetent road workers.

Management should be held answerable for noncompliance to the recruitment and selection criteria and the committee should subsequently find out whether the mentioned conduct re-happened in the subsequent years.

6.3 NAADS Recovery Account

A special audit by the NAADS secretariat revealed that Kayonza tea factory received 220,000 plantlets valued at UGX 55,000,000 yet it was not supposed to benefit. The secretariat, following the recommendations of the audit report wrote to Kayonza tea factory on 14th September 2011, requesting for a refund to be made to the NAADS recovery account, 0140068003301 – “Kanungu district local government NAADS Recovery account” at Stanbic Bank, Kihhi branch. The other individuals who were supposed to refund were not disclosed. It was noted that the district had not recovered all the said funds from Kayonza tea factory.

The Accounting Officer explained that the anomalies were being addressed and the District Production Officer had directed the district to transfer the funds recovered to the consolidated fund.

The committee should ascertain whether the mentioned funds were recovered.

6.4 Reconciliation of central government grants (Treasury Releases to Districts)

It was also noted that there was discrepancy between actual grants received by the local government and the amount sent by the (MoFPED). The District financial statements showed an amount of UGX 16,694,293,125 whereas MoFPED shows a total of UGX 14,949,074,941 as having been released to the district leading to unexplained difference of UGX 1,745,218,184.

The committee should task management to explain the sources of this difference.
6.5 Operating Expenses

A schedule was not attached to the accounts in the cash flow statement to explain operating expenses of UGX 4,968,637,260.

The committee should interest itself to ascertain whether the schedules existed or not.

6.6 Cash Inflows from Operating Activities

Other receipts in the Cash Flow Statement totaling UGX 22,196,363 lacked an explanatory note. It was not possible to ascertain the sources of this revenue.

The committee should task management to provide the sources of the impacted revenue.

6.7 Long Term Investments

The Balance Sheet indicates that the District invested UGX 10,000,000 in shares in Radio Kinkizi. Scrutiny of the accounts revealed that there was no indication of any dividends received in respect of this investment. Besides, the share certificates in respect of this investment were not availed for audit.

The committee should task management to explain the anomaly and disclose any dividends on this investment.

6.8 Advance for a Service Provider

In accordance with paragraph 2.3.2.3 of the Local Governments Financial and Accounting Manual 2007, money owed to Council represents an asset that is idle, as it denies the Council the opportunity of using the money to provide services promptly. It was noted that UGX 16,623,800 remained outstanding from a service provider.
The committee should ascertain under which circumstances management failed to collect the monies from the mentioned and if collected, for what purpose was it dispatched.

6.9 Segregation of Duties

Audit inspection revealed that both the medical store and other stores are managed by a stores assistant who receives deliveries, stores and records the items.

The committee should find out whether management adhered to the Auditor’s advice to ensure segregation of duties for smooth operations in the stores.

6.10 High Dropouts in UPE Schools

It was observed that 10414 pupils were enrolled in P1 in 2005 but only 2372 completed primary Education in 2011 implying a net dropout of 8042 pupils (77.2% of original enrolment).

Further analysis revealed an average dropout rate of 21.2% per year (on reducing balance basis as per the summary below) High rates of dropout may undermine the UPE program.

The committee should interest itself in finding out whether the district administration created any avenues of promoting education and making it attractive to both pupils and parents.

Table. 13

<p>| YEARS SPENT IN SCHOOL | BY THE SAME COHORT | OF |</p>
<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PUPIL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CLASS ATTENDED</strong></td>
<td>P1</td>
<td>P2</td>
<td>P3</td>
<td>P4</td>
<td>P5</td>
<td>P6</td>
<td>P7</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>10414</td>
<td>7840</td>
<td>6953</td>
<td>6048</td>
<td>4731</td>
<td>3945</td>
<td>2372</td>
</tr>
<tr>
<td><strong>ANNUAL DROPOUT</strong></td>
<td>2574</td>
<td>887</td>
<td>905</td>
<td>1317</td>
<td>786</td>
<td>1573</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NUMBER OF DROPOUTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8042</td>
</tr>
<tr>
<td><strong>ANNUAL DROPOUT RATE</strong></td>
<td>24.7</td>
<td>11.3</td>
<td>13.0</td>
<td>21.8</td>
<td>16.6</td>
<td>39.9</td>
<td></td>
</tr>
<tr>
<td><strong>AVERAGE OUT RATE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21.2</td>
</tr>
</tbody>
</table>

### 6.11 Misstatements in Financial Statements

The income and expenditure statements did not reconcile by UGX 214,999,940

Inadequate supervision and capacity gaps in preparing financial statements was evident. Management explained that, the errors were due to net advances received, but on scrutiny of financial statements, they were non-cash movements.
The committee should interest itself to find out whether the Accounting Officer addressed the capacity gaps and corrected the error as they might have led to the later.

6.12 Un-recovered Advances

It was noticed that, out of UGX 95,000,000 of advances provided to the contracted firm without a bank guarantee in 2010, UGX 16,543,800 remain unrecovered and the contract is behind schedule.

In addition, no contract manager was appointed contrary to LGPP&DPA 119(2-3) and there were no site minutes despite the site being located in the compound of the district. Loss of funds is likely in case of defaulting and dragging contract may be expensive in the long run.

The committee needs to find out whether these funds were recovered and whether the contract was subsequently managed professionally.

6.13 Un-verified Investment

Audit noted that no register was kept despite having an investment of UGX 10,000,000 in respect of two shares in a local FM Radio Station. The district did not have share certificates for its investment rendering the investment doubtful.

Management explained that, the share certificates are being followed up.

Therefore the committee should verify the necessary documentations.

6.14 Un-presented Monthly and Quarterly Financial Statements

It was observed that, management did not comply with this requirement of the Local Government and Accounting manual 2007.

Lack of reports hampered monitoring of financial performance by the select committee of council.
Management explained that, they were prepared whereas not

The committee needs to find out whether management complied to the mentioned financial statements in the subsequent years and management should present the documents before the committee.

6.15 Appointment of Vote Controllers

Audit noted that, there was non-compliance to the LGFA Regulations, 2007 (44) that requires Departmental vote controllers to be appointed to monitor timely accountability of funds and budget limits.

Noncompliance may lead to diversion of funds from planned activities and accountabilities may not be timely.

In 2011, management submitted that, it was an omission. The committees should follow up whether management appointed the mentioned in the subsequent years.

6.16 Weaknesses in Monitoring Work Plans

It was observed that the work plans performance monitoring tool used (Output budgeting tool) was not aligned to budgets, work plan and activities were lumped together. The report did not show the targeted output, actual output and budget for these activities. It merely showed the total expenditure per vote or sub-vote. As a result monitoring of outputs against targets was difficult.

Management explained that, the issue has been noted and is being addressed.

The committee needs to follow up on the management compliance on the Auditor General’s advice on adopting an appropriate tool to monitor budget performance.
7 KIRUHURA DLG

7.1 Staff Advances

Note 3 to the financial statements indicated that the entity had a balance of UGX 3,864,395 unrecovered staff advances. However, for the year under review the District did not maintain an advances ledger and as a result I could not confirm the accuracy of the amount reported. The Accounting Officer explained that staff advances ledger had been established.

The committee should make a follow up on whether management genuinely established and maintains a staff advances ledger and whether amount UGX 3,864,395 was recovered.

7.2 Unauthorized Excess Expenditure

Audit observed that, the District incurred unauthorized expenditure of UGX 319,390,725 without approval. There is a risk that planned activities were not implemented. Details are as shown below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget (UGX)</th>
<th>Actual (UGX)</th>
<th>Excess (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>329,410,000</td>
<td>520,202,254</td>
<td>190,792,254</td>
</tr>
<tr>
<td>Based Services</td>
<td>268,518,000</td>
<td>287,551,400</td>
<td>19,033,400</td>
</tr>
<tr>
<td>Planning</td>
<td>61,666,000</td>
<td>171,230,971</td>
<td>109,564,971</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>659,594,000</strong></td>
<td><strong>978,984,725</strong></td>
<td><strong>319,390,725</strong></td>
</tr>
</tbody>
</table>

The committee should find out whether management adhered to the Auditor's advise to seek retrospective authority from the Executive Committee. And should as well interest itself in finding out whether the District incurred unauthorized expenditures in the subsequent years.
7.3 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was noted that there was discrepancy between actual grants received by the local government and releases from the MoFPED.

The District financial statements showed an amount of UGX 14,005,436,753 whereas the MoFPED shows a total of UGX 13,196,901,961 as having been released to the district leading to unexplained difference of UGX 808,534,792.

The committee should demand an explanation from the management and as well find out if the management reconciled to the Auditors.

7.4 Lack of Contract Register

It was noted that the district did not maintain the contracts register contrary to the Local Government Financial and Accounting Regulations 2007. It was therefore difficult to track the contracts sums, amounts paid, amounts outstanding to the contractors, retention fees paid and outstanding payments.

The committee should task management to avail a contractor's register for audit verification and as well find out whether management followed the regulations in the subsequent executions.

7.5 Outstanding Pension Arrears

Pension Arrears of UGX, 56,497,433 remained unpaid at the year end. Although the arrears were submitted to Ministry of Public Service for payment, no returns were provided to confirm payments. As a result, I could not confirm whether these amounts were still owing.

The committee should find out whether the Accounting Officer obtained an update of the mentioned arrears regularly from the Ministry of Public Service.
7.6 Weaknesses in Monitoring Work Plans

The work plans performance monitoring tool used (Output budgeting tools) was not aligned to budgets, work plan and activities as these were lumped together. The report does not show the targeted output, actual output and budget for these activities, it merely shows the total expenditure per each vote or sub-vote. As a result monitoring of output against targets was difficult.

Although management explained that, the issues have been noted and are being addressed. The committee should trace whether the Accounting Officer to adopted appropriate tools to monitor budget performance as advise by the Auditor.

7.7 Budget Management

It was noted that, Municipal Council had budgeted for UGX 1,983,978,119 but received UGX 1,911,932,533 in excess of budgeted amount from central government hence a shortfall of UGX 72,045,586. UGX 1,548,286,455 was committed to 42 projects in the health sector, education, water and works sectors. By the time of reporting all had been completed.

The committee should make a follow up on whether management implemented its activities in the subsequent years in the timely manner and management should explain the accountability of the balance.

7.8 Analysis of UPE Drop Out Rate

Out of a sample of 10 schools, which had Primary one enrolment of 1,088 pupils in 2004 only 207 completed primary seven in 2010 representing 19% completion rate. Table below refers.

Table 15

<table>
<thead>
<tr>
<th>Name of schools</th>
<th>P1 enrolments</th>
<th>P1 class</th>
<th>P7 enrolments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

256 | P a g e
<table>
<thead>
<tr>
<th>Kaku</th>
<th>65</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kanyaryeru</td>
<td>184</td>
<td>43</td>
</tr>
<tr>
<td>Rwamuranda</td>
<td>47</td>
<td>23</td>
</tr>
<tr>
<td>Akayanja</td>
<td>146</td>
<td>16</td>
</tr>
<tr>
<td>Akatenga</td>
<td>89</td>
<td>13</td>
</tr>
<tr>
<td>Kitabo</td>
<td>182</td>
<td>31</td>
</tr>
<tr>
<td>Byanamira</td>
<td>120</td>
<td>30</td>
</tr>
<tr>
<td>Byanamira Modern</td>
<td>100</td>
<td>20</td>
</tr>
<tr>
<td>Kiruruma</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Rwenzubu</td>
<td>125</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1088</strong></td>
<td><strong>207</strong></td>
</tr>
</tbody>
</table>

Management explained that, they have developed a policy for retaining pupils and a monthly follow up.

The committee should find out whether management complied to the Auditor’s advice and it should as well task management to present the practicability of their efforts.

8 KISORO DLG

8.1 VAT Payment

The supply of public water, works, agriculture, education and health sectors are exempted from VAT but in the year 2012, the District paid UGX 67,938,658 in respect to VAT on payments for services to these sectors contrary to the VAT Act 2009 (Amended)

The committee should verify whether management recovered the funds from the service providers.
8.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)

In the year ended 2012, it was also noted that there was discrepancy of actual grants received by the local government from the (MoFPED) The District financial statements showed an amount of UGX 17,617,065,595 whereas MoFPED shows a total of UGX 16,457,981,456 as having been released to the district leading to unexplained difference of UGX 1,159,084,139

The committee should find out whether management investigated the discrepancy of the releases as advised by the Auditor and it should as well provide a valid explanation to that cause

8.3 Un-verified Arrears

During the year 2012, UGX 99,095,669 was paid to various firms and persons in respect to supplies and provision of services. Review revealed that the bills were for the financial year 2010/2011. However, there were no ledgers to confirm that the bills had not been paid in the financial year they relate

The committee should task management to avail the necessary documents for verification and if in absence hold the Accounting Officer culpable

8.4 Transfer to NGO Hospitals

Although paragraph 3.5 requires the district to monitor the utilization of the funds released to the health units, in the financial year 2011/2012 there was no evidence that the district monitored utilization of UGX 146,474,000 transferred to NGO Hospitals. In addition there was no Memorandum of understanding signed between the district and hospitals

The committee should request evidence of monitoring the utilization of the mentioned monies from management and management should as well be held culpable for breach of the guidelines
8.5 Board of Surveys

There was no Board of Survey report. Physical inspection of the parking yard for the district revealed that a number of vehicles appeared to be in poor mechanical conditions and some actually grounded.

The committee should find out whether the Accounting Officer constituted a board of survey in the subsequent years and inspect whether the mentioned vehicles are never disposed off.

8.6 Doubtful Expenditure for Council Activities

Analysis of a number of payments revealed that UGX 58,921,190 was paid out for various activities in the district. The payments appeared doubtful as the funds may not have been used for the intended purposes. The anomalies identified included officers who claimed more nights of UGX 11,330,000, doubtful fuel receipts in respect of expenditure totaling UGX 13,384,290 and expenditure which was not accounted for UGX 34,206,900. Doubtful payment implies activities may not have taken place.

The committee should task the accounting officer to explain the circumstances of such payments and as well provide minutes and receipts of the respective activities.

9 MBARARA DLG

9.1 Statement of stores and other physical assets

Reported in the financial statements was UGX 492,345,306, being stores and other physical assets acquired during the year 2013. However, a schedule or details were not provided to support this amount. In the circumstances, I was unable to confirm the accuracy of the reported amount. Management stated that these were assets acquired by different departments during the year.
The committee should task the Accounting Officer to provide the schedule showing details of the stores and other physical assets acquired during the year.

9.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)

Contrary to the regulations, in the year ended 2012, there was discrepancy of actual grants received by the local government from the (MoFPED).

The District financial statements showed an amount of UGX 20,164,582,815 whereas MoFPED shows a total of UGX 20,037,662,739 as having been released to the district leading to unexplained difference of UGX 126,920,076.

The committee should interest itself in finding out whether management reconciled with MoFPED over the stated difference.

9.3 Cash and Cash Equivalents

A review of the balance sheet revealed that cash clearing account deficit of UGX 434,352,513 was netted off the collection, expenditure and projects accounts. I could not ascertain the basis of the deficit.

The committee should task management to present the relevant documents that accrued the deficit with explanations.

9.4 Lack of a Valuation Report

The district leased out 7,976 acres of prime land on plot 5 kitunzi roads to AMPROC for 40 years at rate of UGX 3,422,000 per month. However, there was no a valuation report by the Government Valuer.

The Accounting Officer stated that, they had earlier valued the land in 2006 and the values and period was not negotiated. The Accounting Officer further explained that he had engaged the Government Valuer to value the land and had sent a letter to the Solicitor General to assist in re-drafting the contract.
The committee should verify whether the Accounting Officer engaged the Solicitor General with evidence and further, the Accounting Officer has to present a valuation report from the Government Valuer to the committee.

9.5 PHC – Non wage, PHC Development and NGO Hospital Transfers

During the year 2012, council transferred UGX 321,042,046 to the sub health sector. It was noted that at the close of the year these funds had not been accounted for as per the table below.

**Table 16**

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHC- Non wage</td>
<td>168,132,046</td>
</tr>
<tr>
<td>PHC- Development</td>
<td>152,910,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>321,042,046</strong></td>
</tr>
</tbody>
</table>

The committee should task management to present accountability for the mentioned funds and find out whether the supervision and monitoring of the usage these funds was enhanced.

9.6 Mismanagement of DANIDA Funds

It was observed that road construction contracts totaling UGX 221,846,046 funded by DANIDA were awarded to M/s MBM Construction Limited and M/s Kwed Construction Limited on September 23, 2011 and September 20, 2011 respectively as shown below.

**Table 17**

<table>
<thead>
<tr>
<th>Project code</th>
<th>Contractor</th>
<th>Contract amount</th>
<th>Purpose</th>
<th>Distance covered</th>
<th>Type of road</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The following anomalies were noted -

9.6.1 Overstatement of Contract Amount

The District awarded these two contracts for the labor-based rehabilitation works of the above murrum roads stretching only 5.2km at a total contract price of UGX 221,846,046 which appears to be inflated. Value for Money may not have been achieved thus leading to wastage of donor funds.

The CAO explained that these were trial contracts that were using labor-based technology which was being developed, and that there were several costs in the project.

Basing on the CAO’s explanation, the committee should task him/her to present accountability of the several costs in the project.

9.7 Weaknesses in Monitoring Work Plans

In the year 2012, the work plans performance monitoring tool used (Output budgeting tools) was not aligned to budgets, work plan and activities were lumped together. The report does not show the targeted output, actual output
and budget for these activities, it merely shows the total expenditure per each vote or sub-vote.

As a result monitoring of output against targets was difficult. In his response, the accounting officer explained that MoFPED had improved the OBT budgeting tool.

The committee should find out whether the management adopted to the appropriate tools to monitor budget performance or else no more excuse should be given except holding management culpable for their laxity in service.

**9.8 Lack of Performance Bond**

In the year 2012, it was noted that procurements worth UGX 173,221,250 had no 10% performance bond submitted as required in the general conditions of the contract. Refer to table below.

**Table: 18**

<table>
<thead>
<tr>
<th>Project</th>
<th>Contractor</th>
<th>Amount (UGX.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of VIP at Akarungu P/S</td>
<td>PEB Solution Services Ltd</td>
<td>4,574,900</td>
</tr>
<tr>
<td>Construction of VIP Latrine at Munyonyi</td>
<td>JB Kabuyanda Ltd</td>
<td>5,820,500</td>
</tr>
<tr>
<td>Rehabilitation of Bwizibwera-Mabira-Kitokye-Rwenshaku Road</td>
<td>MBM Construction Ltd</td>
<td>96,825,850</td>
</tr>
<tr>
<td>Construction of staff house and VIP Latrine at Kichwamba HCII</td>
<td>Spaco Service Technical Ltd</td>
<td>33,489,500</td>
</tr>
<tr>
<td>Construction of Junior staff house at Komuyaga P/S</td>
<td>Murachi Mark Construction Ltd</td>
<td>32,510,500</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td><strong>173,221,250</strong></td>
</tr>
</tbody>
</table>

There is a risk of loss of public funds where no performance bond is obtained.
Management stated that it was true that some contractors never submitted Performance Bond, but efforts were made to ensure bidders pay performance bond before agreement signing.

The committee should investigate whether management collected performance bonds from the respective bidders and if not, the committee should take an appropriate action against the implicated officer (Head of procurement).

### 9.9 Irregularities in Lease of Former UNICEF Ground to AMPROC

The district leased out 7,976 acres of prime land on plot 5 Kitunzi road to AMPROC for 40 years at rate of UGX 3,422,000 and it was observed that the value of the land had not been properly established as the valuation report used was for the year 2006 and the values not negotiated. In the circumstances the value for money was not achieved.

The committee should ascertain whether management revalued at current prices and any loss in borne by those responsible as advised by the Auditor, and subsequently interest itself in finding out whether the mentioned anomaly was repeated thus penalize the respective officers for negligence.

### 9.10 Un-reconciled -Payroll

Audit noted that the general ledger was not reconciled with the monthly Payroll and monthly master files generated by the Payroll section as required by the LGAM 2007. In addition, there are no reconciliations between the paid up payroll and the submitted payroll.

The committee should find out whether the accounting officer obtained the paid payroll regularly and reconciliations made and as well find out whether the general ledger was reconciled with the master file to detect errors timely. But if contrary, then the committee should take an appropriate action.
9.11 Filling and Filing of Pay Change Forms

It was noted that duplicates and triplicates Pay change Forms, were used to effect Payroll changes instead of original! As such, there are no backup copies on the Personal Files of the employees whose Pay roll data is affected by the change. No copy is filed in personal file.

Management explained that, they lacked the printed stationary and were advised to use duplicate copies as the public service was migrating to another system. Changes effected may not easily be tracked in the personal file.

The committee should indulge in the efforts of the Auditor General to investigate whether Double claims and double payment were not made and as well verify whether management streamlined making and filing of pay change reports.

9.12 Review of the Drug-push policy

National drug authority has a push drugs policy of drugs to the Health centers using standard kits (a policy of one size fits all) and as result some drugs are not consumed and essential drugs get out of stock hence limiting the public access to drugs. Patients continue to go without drugs because of supply technicalities.

The committee should find out whether management adhered to the Auditor’s advice to dialogue on kits with the National Medical stores to ensure supply of essential drugs, subsequently, the committee should also organize dialogue with NMS to address the later as they may be inflexible on the request of the District.

9.13 Lack of Equipment and Accessories in Health Center

Most health centers inspected lacked the following equipment and accessories required in smooth running of the health services.

In health centres III and IV, there was still inadequacy and lack of the following:

- Mosquito nets to protect the admitted mothers.
• Blankets for the admission beds
• Adequate delivery sets, (by audit time, 12th May 2011. the Health center had two incomplete delivery sets
• Delivery beds
• Oxygen concentrator
• Adequate supply of detergents
• Evacuation bed
• Drainage and soak pit to ease cleaning of the floor of the labor/ delivery room
• Lack of water in the labor room
• Most health Centers lacks power
• Lack of laboratory

These inadequacies are witnessed in Biharwe HC III, Kashare HC III, Ndeja HC III, Nyakayojo HC III, Rubaya HC III, Rubindi HC III Bwizibwera HC IV, Kinoni HC IV and Bugamba HC IV

Management attributed it to lack adequate resources for interventions

The committee should firstly verify whether the mentioned accessories have been improved, and whether management has improved on planning and addressed service delivery challenges as advised by the Auditor General and if not complied, the committee should appropriate an action to for non-service delivery

9.14 Budget Management

In the year 2011, the district had budgeted for UGX 20,086,911,535 but only received UGX 19,270,823,598 from central government leading to a shortfall UGX 816,087,937 as a result commitments of 223,583,053 were not settled

The committee should demand an explanation for this shortfall and verify whether management developed a strategy to implement projects within its limits as
advised by the Auditor, or else, management should be held responsible for laziness in service

3 10 NTUNGAMO DLG

10.1 Irregular payments

A sum of UGX 8,000,000 was withdrawn from the production account without the approval of the Accounting Officer, as shown below

<table>
<thead>
<tr>
<th>Date</th>
<th>EFT number</th>
<th>Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/4/2014</td>
<td>5460112000259</td>
<td>5,000,000</td>
</tr>
<tr>
<td>20/6/2014</td>
<td>5460105000670</td>
<td>3,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>8,000,000</strong></td>
</tr>
</tbody>
</table>

The Accounting Officer explained that the matter was reported to police and the Ministry of Local Government for investigation and other appropriate actions

The Committee should find out whether the Authority has recovered the said money

10.2 Education Fund Bursary

A sum of UGX 12,000,000 and UGX 10,000,000 was voted in the 2011/12 and 2012/13 budgets respectively of which a total of UGX 13,740,000 was disbursed to various beneficiaries. It was noted that a flat rate of UGX 120,000 was paid to the beneficiaries irrespective of the school/institutions they joined

A review of the payments and social services standing committee minutes revealed that there was no policy or criteria for selecting the beneficiaries. There
was also no follow up mechanism and evaluation of the scheme to ensure that value for monies was obtained.

The Committee should find out whether an appropriate policy is put in place to promote transparency and streamline the operations of the scheme.

10.3 Budget Shortfall

Only a sum of UGX 26,248,893,000 was released in respect of government grants to finance the district’s budget of UGX 27,273,840,000 resulting in to a shortfall of UGX 1,024,947,000 And this negatively affect the Budget performance of the District.

The Committee should advise the District to ensure that planned activities are implemented on schedule and according to work plans.

10.4 Force on Account Works

A sum of UGX 41,100,000 was spent by the district following the Contracts committee approval to use force on account method to install culverts along Reweikiniro swamp, Kabasheshe swamp, Kaburende swamp, Butaree-Buraro road and Nombe swamp. The audit revealed that the following irregularities,

a) Monies was advanced to staff to directly procure the inputs including cement, sand and gravel contrary to following force on account guidelines that require adherence to the Local government Public Procurement and disposal regulations in which competitive bidding would have been used.

b) All the procurements were not taken on charge. I could therefore not verify the actual quantities purchased and used.

c) Records of procurements of the works inputs were not reported to the PPDA in the quarterly procurement and disposal reports.
The district may not have achieved value for monies due to non-compliance with the force on account guidelines

The Committee should investigate to ensure strict adherence to the guidelines of force on account are followed in order to achieve value for monies

10.5 Unpaid Electricity bill

Itojo Hospital had accumulated an electricity bill amounting to UGX 175,321,000 over a period of 3 years. The accumulated bill relates to charges for hospital operations as well as staff quarters.

Management explained that they did not pay the bill due to inadequate funding. Meanwhile, the bill included charges for staff quarters who were meant to settle their own bills.

The Hospital is exposed to the risk of being cut off power supply which may cause operational challenges. Management indicated that efforts were being made to settle the bill and to ensure that the staff starts settling their own bills.

The Committee should interest itself in knowing whether the said Electricity bill had been settled to avoid further exposure of patients to death due to operational issues and as well hold management culpable for slotting in staff quarters’ bills to the main hospital bills.

10.6 Overpayment for Fraudulent Practice

A sum of UGX 13,945,000 was paid to the then Ag District Engineer (Mr. Gibson Tumukunde), on 14 December 2011 for mechanized spot repair of Omugenyi-Ruyonzza road. A scrutiny of the supporting documents showed that the amount requisitioned, approved by the accounting officer, in the bank statement and posted to the cash book was UGX 12,945,000 leading to an overpayment of UGX 1,000,000. This arose allegedly because the cheque amount was purportedly written by the Engineer himself to read UGX 13,945,000 instead of UGX 12,945,000, a practice which is contrary to regulations and not allowed.
even if one is a vote controller. It is not known why the Acting District Engineer took up the role of cheque writer or cashier to that effect and how the Accounting Officer failed to detect such clear fraud. Such fraudulent practices undermine the existence of internal controls leading to loss of public funds.

The Committee should find out whether the said money had been recovered from the then Acting District Engineer and strict measures have been taken to avoid such practices.

10.7 Doubtful consumption of fuel

A sum UGX 180,300,000 paid to two fuel stations between July 2011 and December 2011 on fuel for road works had no expenditure vouchers. The payments to the petrol stations was acknowledged and money drawn by the then Acting District Engineer instead of the fuel. The fuel returns attached all proved to have been forgeries as the drivers purported to have signed for the fuel denied signing and insisting their signatures were forged. The roads purportedly worked on using the said fuel had actually not been worked as per the engineering audit report.

From the foregoing, the alleged consumption of fuel was forged as the roads in question were not worked on. Table below refers:

**Table: 20**

<table>
<thead>
<tr>
<th>Voucher number</th>
<th>Payee</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/9</td>
<td>Stanbic bank Uganda Ltd - Eco</td>
<td>59,550,000</td>
<td>Fuel deposit</td>
</tr>
<tr>
<td></td>
<td>Petro Uganda Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27/11</td>
<td>Stanbic bank Uganda Ltd - NtungamoKobil Ltd</td>
<td>40,250,000</td>
<td>Fuel deposit</td>
</tr>
</tbody>
</table>
The Committee should find out whether the said money was recovered from the Officials and an appropriate action taken on them to deter others from the same practice.

10.8 Un-recovered Advances

Out of UGX 58,360,845 outstanding advances due to Ntungamo District from 30 staff members. Out of the 54,295,145 an amount of UGX 23,421,845 in advances remained outstanding at the year-end contrary to paragraph 2.3.2.3 of the Manual.

The Committee should find out if the said advances have been fully recovered and ensure such practices are avoided in future operations.

10.9 Reconciliation of Central Government Grants (Treasury Releases to Districts).

It was also noted that there was discrepancy of actual grants received by the local government from the (MoFPED). The District financial statements indicated an amount of UGX 24,277,275,124 whereas MoFPED revealed that a total of UGX 22,587,796,977 was released to the District leading to unexplained difference of UGX 1,689,478,147.

The Committee should interest itself in knowing what caused the discrepancy in the figures and appropriate measures taken to rectify such anomalies.
10.10 Bank Overdraft in 2012 and 2011

The bank accounts were overdrawn by UGX 2,875,037 on the capacity building (UGX 2,016,741) and LGMSD (UGX 858,290) accounts contrary to the regulations

Their bank accounts were overdrawn by UGX 9,142,059 contrary to Regulations

Table below refers

<table>
<thead>
<tr>
<th>Account name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries account</td>
<td>(3,386,096)</td>
</tr>
<tr>
<td>Education account</td>
<td>(1,802,535)</td>
</tr>
<tr>
<td>LGMSD</td>
<td>(3,953,428)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>(9,142,059)</strong></td>
</tr>
</tbody>
</table>

Management indicated that, there were wrong debits by the bank which had been reversed but no evidence was presented for verification

The Committee should however find out whether the District continued to practice the later and if so, strict measures including refunding the monies should be done

10.11 Limited use of IFMS

The district migrated to the use of IFMS in March 2012, however, the system was not put to full use despite the heavy investment made in acquisition of the system and training users. Although the system has over seven modules financial management, budgeting, cash management, revenue management, commitments and purchasing management, inventory, stores and fixed assets management its only used to post cash books and to prepare bank reconciliations
The committee should find out whether the Accounting Officer embraced the total implementation of IFMS and achieved the intended objectives and eliminate likely material misstatements in the financial statements.

10.11 Non adherence to Primary Health Care guidelines

The district migrated to the use of IFMS in March 2012, however, the system was not put to full use despite the heavy investment made in acquisition of the system and training users. Although the system has over seven modules financial management, budgeting, cash management, revenue management, commitments and purchasing management, inventory, stores and fixed assets management its only used to post cash books and to prepare bank reconciliations.

The Committee should ensure the District embraces the total implementation of IFMS in order to achieve the intended objectives and eliminate likely material misstatements in the financial statements.

10.12 Board of Survey Report

A review of the Board of survey report for the financial year ended 30th June 2012 revealed that recommendations were made to board off unserviceable assets over the last three financial years. It was noted however that only 14 motor vehicles and one motor cycle were boarded off leaving over 20 assets undisposed.

The committee should cross check whether all unserviceable assets are disposed off otherwise the respective officers should be held responsible for breach of PPDA Regulations.

10.13 Universal Primary Education Performance

Performance of primary seven (P7) pupils in the district over 5 years in indicated some improvements but with some pupils in grade X and U who have finished primary education but without certificates.
The failure rate appears to be reducing although it still remains high at 7.9%. This may be due low staffing levels, irregular attendance of teachers, and absenteeism of pupils and poor infrastructure. Table below refers.

### Table: 22

<table>
<thead>
<tr>
<th>YEAR</th>
<th>GRADE 1</th>
<th>GRADE 2</th>
<th>GRADE 3</th>
<th>GRADE 4</th>
<th>GRADE U</th>
<th>GRADE X</th>
<th>TOTAL</th>
<th>%-age U + X</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>720</td>
<td>3693</td>
<td>1393</td>
<td>536</td>
<td>403</td>
<td>309</td>
<td>7053</td>
<td>10%</td>
</tr>
<tr>
<td>2008</td>
<td>409</td>
<td>3314</td>
<td>2704</td>
<td>990</td>
<td>819</td>
<td>116</td>
<td>8352</td>
<td>11%</td>
</tr>
<tr>
<td>2009</td>
<td>690</td>
<td>3892</td>
<td>1830</td>
<td>851</td>
<td>528</td>
<td>253</td>
<td>8044</td>
<td>9.7%</td>
</tr>
<tr>
<td>2010</td>
<td>1064</td>
<td>4006</td>
<td>1584</td>
<td>603</td>
<td>443</td>
<td>216</td>
<td>7921</td>
<td>8.3%</td>
</tr>
<tr>
<td>2011</td>
<td>1,271</td>
<td>4,333</td>
<td>1,624</td>
<td>759</td>
<td>439</td>
<td>249</td>
<td>8,675</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Consistent poor performance could imply decaying education system and may bear negative effects on the social-economic development of the district and the Country at Large.

The Committee should ensure that Management institutes measures to enable pupil’s failure rate is drastically reduced.

### 10.14 Diversion of Funds

The district administration diverted UGX 15,000,000 (Voucher number 21/06/12) from water and works sector account to facilitate opening up roads in Kitwe Town Council.
The funds had been remitted to the district for routine and periodic maintenance of roads within its Jurisdiction. Town councils are designated legal entities and usually receive their allocated funds from the Uganda Road fund.

The Accounting Officer explained that the Authority to use the funds for that activity with the approval by the Uganda Road fund but no evidence was availed for verification. Diversion of funds from the intended purpose to another could affect service delivery.

The Committee should ensure that all funds received by the District are used for the specific purposes and in conformity with the conditions for which they are received.

10 15 Redundant Buildings

2012 inspections of the then construction works at the District agriculture Training and information Centre revealed that the district invested over UGX 250,794,289 in construction of a staff house, a 2 stance pit latrine, a dormitory, class room block, but by the time of audit, the buildings had not been put to the intended use but were instead occupied by students of Ntungamo health training institute.

The investment in the buildings is being wasted as they are not being used for the intended purpose and the occupation and use of the facilities by unauthorized people could lead to accelerated depreciation of the facilities.

The committee should find out whether the mentioned building were put to its respective use.

10 16 Budget Performance

In the year 2011, the District had budgeted for UGX 15,573,824,535 but received UGX 20,475,701,100 from central government leading to a surplus of UGX 4,901,876,565. Approval for utilization of surplus funds was not provided contrary to Local Government Financial and Accounting.
UGX 1,260,073,742 was committed to 61 projects in the health sector, education, water and works sectors. By the end of the year 56 of the planned activities worth UGX 606,940,954 were complete, the rest of the 5 activities worth UGX 149,413,168 were either work in progress or incomplete, due to various reasons including limited capacity of contractors, funds released etc.

Management did not fully fulfill its mission of service delivery to the Local community.

The committee needs to check whether the planned activities in the subsequent years were implemented.

10.17 Loss of Motorcycles

The internal audit quarterly reports indicated that, the District lost 84 motorcycles. The loss was not disclosed in the statement of losses in the financial statements.

Management explained that, the stock taking is being undertaken to ascertain the loss.

The Committee should find out whether the Motorcycles were recovered or else expedite the exercise and appropriate action be taken.

10.18 Bidding documents

In the year 2011, bidding documents relating to expenditure totaling to UGX 210,850,026 were not presented for verification. Table below refers.

Table. 23

<table>
<thead>
<tr>
<th>s/n</th>
<th>Contract</th>
<th>Contract amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction of maternity ward at Rubaare</td>
<td>87,206,710</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Cost (UGX)</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>2</td>
<td>Construction of shallow wells</td>
<td>10,499,000</td>
</tr>
<tr>
<td>3</td>
<td>Purchase and supply of 80 3-seater twin desks to Bugona p/s</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Ngoma(20) Kagongi p/s - Rugarama(20), Rushoka p/s - central Kayonza(20) &amp;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kahija p/s - Nyakyera(20) under Planning unit sector</td>
<td>7,268,800</td>
</tr>
<tr>
<td>4</td>
<td>Construction of Nyabushenyi iron removal plant</td>
<td>61,799,716</td>
</tr>
<tr>
<td>5</td>
<td>Supply of bore holes &amp; shallow well spare parts</td>
<td>44,075,800</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>210,850,026</strong></td>
</tr>
</tbody>
</table>

Management indicated that, the documents were on file but were not presented for verification.

The committee should task management to present biding documents relating to expenditure totaling to UGX 210,850,026 of the 2011 and as well advised management to improve on the filing system.

### 10.19 Shared Utility bills

UGX 14,610,661 and UGX 964,737 was paid in respect to electricity and water respectively. However, the bills included figure relating to other government departments, like police, Ears (staff house), Water office, Resident District Commissioner and prisons. These institutions were sharing the meters.

Management explained that, apart from EARS, Other organs will be provided with separate meters and they will pay their bills separately.
The Committee should interest itself in knowing whether the said Electricity bill had been settled independently to avoid costs to the District and as well verify whether separate meters were provided.

10.20 Nugatory Expenditure

UGX 5,000,000 paid to Kamugisha Silver and 20 others (teachers in the polytechnic college) as damages awarded by court ex-parte ruling for nonpayment of their salaries of UGX 24,500,000. The legal costs could have been avoided if salaries were paid timely.

Management explained that, they are still studying the case and shall avoid such situations in future.

The Committee should advise the District to avoid nonpayment of salaries which lead to wasteful expenditure.

11 RUKUNGIRI DLG

11.1 Unverified staff advances

Review of balance sheet revealed that UGX 26,794,444 was reported as advances in Note 5 to the balance sheet lacked the schedules of staff advances. Therefore, I could not verify the accuracy of the reported advances.

The Committee should task the Accounting Officer to avail details of the staff advances for audit verification.

11.2 Net worth

The balance sheet reported net worth of UGX 177,370,667 after deducting total liabilities of 212,942,340 from total assets of UGX 393,624,243. The correct figure should have been UGX 180,681,903. The net worth was therefore misstated by UGX 3,311,236.
The Committee should interest itself on why the networth was misstated in the Balance Sheet and ensure the anomaly is corrected.

11.3 Discrepancy between total expenditure in the income and expenditure statement and cash flow statement

There was discrepancy between the total expenditure in the income and expenditure statement and total payments for operating activities in the cash flow statement of UGX 23,483,208. The income and expenditure statement reported UGX 20,382,645.711 while the cash flow reported UGX 20,386,128,919. The difference was not explained.

The Committee should find out the cause of the discrepancy in the income and Expenditure statement and ensure the mistake is rectified and never to be repeated again.

11.4 Appointment of District Tax Assessment Committee

There were no assessment reports availed for audit. In the absence of revenue assessment reports, budgeted revenue may have been under stated, and revenue contracted out at prices below their potential. The reserve prices might have also been determined arbitrarily.

The Committee should task the Management to ensure that the activity is carried out if the revenue projections are to be meaningful.

11.5 Re-allocation of Funds

A total of UGX 509,694,027 was transferred and reallocated between various accounts without proper authority from council. In the absence of council authority, the reallocations are irregular.

The Committee should task the Accounting Officer to ensure that reallocations are approved by council.
11.6 Theft of Bicycles

A physical inspection carried out in the district stores revealed that the district received 65 brand new bicycles from the Ministry of Local Government on 17/3/2011. However, 53 bicycles were stolen from the stores by the then Stores Assistant called Ajuka Isaac. This theft was not disclosed in the statement of loss of assets in the final accounts.

Management explained that the case was still being handled by Uganda Police Rukungiri Station. Each bicycle was estimated to cost UGX 150,000.

The Committee should ensure that the loss was disclosed in the final accounts and that the officer who stole the bicycles is prosecuted.

11.7 Undisclosed Sale of Mature Steers

The District agreed to sale mature steers from Bwanga Farm at a cost of UGX 29,500,000 through competitive bidding (ref RUKU550/DSPL/2011-2012/00001). A review of the procurement file and Final Accounts presented revealed the following -

- There was no disposal plan of the mature steers
- The Statement of disposal of physical Assets during the year was not attached to the Final Accounts. Contrary to LGFAM, 2007 (page241)
- The cash book and other financial records from Bwanga Farm were not presented for audit to verify receipt of the money

The Committee should task the District authority to produce Books of accounts for audit verification and all relevant disclosures of accounts information should be done and availed for audit.
11.8 Inspection of Primary Schools (Apparent School drop-out)

Audit inspection and enrollment data for 18 schools shows decline in the numbers of pupils, over the years that progressed from primary one to primary seven indicated high drop out at 75%. Refer to the table and graph below.

Table 24

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class</td>
<td>P1</td>
<td>P2</td>
<td>P3</td>
<td>P4</td>
<td>P5</td>
<td>P6</td>
<td>P7</td>
</tr>
<tr>
<td>Total</td>
<td>2482</td>
<td>1490</td>
<td>1586</td>
<td>1283</td>
<td>1151</td>
<td>889</td>
<td>603</td>
</tr>
</tbody>
</table>

This could be due to poor school environment, poverty and generally lack of policy to take pupils to school. School dropout may perpetuate poverty levels and high levels illiteracy. Although management explained that drop out was due pupils shifting to the private schools analysis of their enrollment could not confirm that.

The Committee should prevail over the District to formulate policies to encourage pupils to study.

11.9 Inadequate Text Books

Audit inspection, and interview of head teachers, identified in 18 primary Schools revealed that, some classrooms lack text books for particular subjects.

Lack of text books may not help effective delivery of education and may lead to low grades and low culture of reading. This may be due lack of funding priorities in primary schools. The District sited inadequate funding as the cause of inadequacy in its responses.
The Committee should engage the management to prioritize purchase of primary books and improve on learning environment.

11.10 Irregular Payment of VAT to Contractors

VAT Act section 19 second schedule paragraph (aa) and Primary Health Care guidelines for 2010/2011 financial year requires civil works under health sector to be VAT exempt. However, UGX 21,804,826 were irregularly paid to contractors as VAT contrary to the law. This resulted into loss of public funds.

Management explained that, the guidelines were received late and promised the funds to be recovered but no recoveries were made by the time of reporting.

The Committee should ensure the District does not incur such losses again and recover the funds.

11.11 Delays in Transfer of Funds

Analysis of releases of funds revealed that, the ministry of Finance Planning & Economic Development was taking more than a month to release the quarter funds and District took two weeks to a month to release the funds to cost centers hence delays in implementing planned activities by more than two months.

Table 25

<table>
<thead>
<tr>
<th>PHC</th>
<th>UPE</th>
<th>QTR</th>
<th>Dates fund s on General d account</th>
<th>Actua I date of receipt of funds by Health Centers</th>
<th>Actu receipt al of fund by primary scho ols</th>
</tr>
</thead>
<tbody>
<tr>
<td>32,282,12</td>
<td>114,586,944</td>
<td>2</td>
<td>12th Nov 2010</td>
<td>13th Dec 2010</td>
<td>6th Dec 2010</td>
</tr>
<tr>
<td>32,282,12</td>
<td>110,143,500</td>
<td>3</td>
<td>17th Feb 2011</td>
<td>14th Mar 2011</td>
<td>18th Mar 2011</td>
</tr>
<tr>
<td>33,070,17</td>
<td>110,099,524</td>
<td>4</td>
<td>10th May 2011</td>
<td>26th May 2011</td>
<td>23rd Jun 2011</td>
</tr>
</tbody>
</table>
Management explained that funds are released without details and take time to get the details of the released funds hence late transfers.

The Committee should task the Accounting Officer to liaise with authorities for the timely release of funding to implement planned activities.

11.12 Budget Management

The district had budgeted for UGX 16,718,900,605 but only received UGX 16,539,304,130 from central government leading to a shortfall of UGX 179,596,475.

The Committee should advise the management to address the causes of underfunding and at the same time to liaise with the relevant authorities for increased funding.

12 SHEEMA DLG

12.1 Unpaid Electricity Bills

It was noted that the hospital had unpaid electricity bills of UGX 20,781,869 in respect of hospital operations and staff quarters. The Hospital is exposed to the risk of power disconnection halting hospital operations.

Management explained that they did not pay the bill due to inadequate funding, but introduced a means of installing sub meters for each staff in the quarters.

The Committee should advise the District through the Hospital Administrator to lobby the District Council to increase the hospital budget allocation.
12.2 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was also noted that there was discrepancy of actual grants received by the local government from the Ministry of Finance, Planning and Economic Development. The District financial statements showed an amount of UGX 14,185,039,900 was received, however the Ministry of Finance, Planning and Economic Development indicated that a total of UGX 13,429,599,891 was released to the district resulting in an unexplained difference of UGX 755,440,009.

The Committee should task the District to investigate the discrepancy.

12.3 Weaknesses in Management of UPE Schools (High Dropout rate in UPE Schools)

Analysis of data obtained from sampled primary schools using the enrollment from P1 in 2007 2004 to primary 7 in 2010 showed a downward trend in enrollment of pupils. Pupils had dropped from 6,715 (2004) in primary one to 2,101(2010) in primary seven representing 68.7 drop out. Table below refers

Table 26

<table>
<thead>
<tr>
<th>Year</th>
<th>Class</th>
<th>Pupils</th>
<th>Drops</th>
<th>Dropout rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>P1</td>
<td>6,715</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>P2</td>
<td>3,630</td>
<td>3,085</td>
<td>45.90%</td>
</tr>
<tr>
<td>2006</td>
<td>P3</td>
<td>3,593</td>
<td>37</td>
<td>1.00%</td>
</tr>
<tr>
<td>2007</td>
<td>P4</td>
<td>3,273</td>
<td>320</td>
<td>8.90%</td>
</tr>
<tr>
<td>2008</td>
<td>P5</td>
<td>3,076</td>
<td>197</td>
<td>6.00%</td>
</tr>
<tr>
<td>2009</td>
<td>P6</td>
<td>2,807</td>
<td>269</td>
<td>8.70%</td>
</tr>
<tr>
<td>2010</td>
<td>P7</td>
<td>2,101</td>
<td>706</td>
<td>25.20%</td>
</tr>
</tbody>
</table>
Un-checked dropout may negatively impact on the standards of education in the district and country at large. Management explained that, the enrollment had improved to 49,775 from 49,436 and enumerated the causes of drop out as engagement of in home chores and seasonal activities like, millet harvesting and mud fishing.

The Committee should management implements the provisions of Education Act 2008 and ensure all school going children are in schools.

12.4 Poor Academic Performance in UPE Schools

Analysis of academic performance at PLE of selected primary schools (chosen at random) and performance for the entire distinct primary schools for the last five years revealed persistent poor academic performance at PLE. Importantly pupils in grade U who failed to get a certificate cannot proceed with their studies. Table below refers

Table 27

<table>
<thead>
<tr>
<th>Year</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>U</th>
<th>TOTA</th>
<th>Failure rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>235</td>
<td>1390</td>
<td>404</td>
<td>160</td>
<td>84</td>
<td>2273</td>
<td>4%</td>
</tr>
<tr>
<td>2007</td>
<td>310</td>
<td>1361</td>
<td>474</td>
<td>150</td>
<td>88</td>
<td>2383</td>
<td>4%</td>
</tr>
<tr>
<td>2008</td>
<td>112</td>
<td>1368</td>
<td>711</td>
<td>155</td>
<td>94</td>
<td>2440</td>
<td>4%</td>
</tr>
<tr>
<td>2009</td>
<td>235</td>
<td>1511</td>
<td>441</td>
<td>162</td>
<td>66</td>
<td>2415</td>
<td>3%</td>
</tr>
<tr>
<td>2010</td>
<td>302</td>
<td>1445</td>
<td>405</td>
<td>104</td>
<td>57</td>
<td>2313</td>
<td>2%</td>
</tr>
</tbody>
</table>

This may be due to poor learning environment, underfunding, absenteeism by teachers and pupils and high poverty levels.

Management had not made a policy to address the problem.
Therefore, the Committee should task the management to design programs that promote good performance and avoid absenteeism by both teachers and pupils.

12.5 Under Production at Rubaare District Demonstration Farm

The district runs a demonstration Farm at Rubaare farm land with 12 employees including the manager at a cost of UGX 13,041,600 (salaries for workers excluded) against total sales of UGX 3,016,450 from the farm produce. The information analysis also revealed the following -

- The farm has 62 cows of which 21 produces milk. Only 34 litres of milk are produced daily.
- The banana plantation harvest is not recorded though the farm manager indicated that only 5 bunches of matooke are harvested every month.
- The Farm had 26 exotic goats as at 30th June 2011. However, at the time of audit, only 9 goats were verified, the rest having died due to undiagnosed disease but with no records to confirm the assertion.

Lack of technical supervision on the part of Production sector was evident. Management indicated that, they do not have a veterinary doctor but were in process of recruiting one.

The Committee should advise the management to step up supervision and make the Farm self-sustaining. Proper records should be maintained on the farm to account for all activities and output at the firm.

12.6 Budget Management

The district had budgeted for UGX 20,086,911,535 but only received UGX 19,270,823,598 from central government leading to a shortfall UGX 816,087,937 as a result commitments of UGX 223,583,053 were not settled. UGX 509,913,368 was committed to 18 projects in the health sector, education, water and works sectors. By the end of the year only 15 of the planned activities worth UGX 429,780,588 were complete, the rest of the 3...
activities worth UGX 80,132,780 were either work in progress or incomplete, due to various reasons including limited capacity of contractors, delayed release of funds.

The Committee should advise the management to ensure implementation of activities in the subsequent year in a timely manner.

13 MITOOMA DLG

13.1 Doubtful Expenditure

Expenditure worth UGX 4,840,500 for various activities and supplies lacked sufficient evidence of occurrence. It was noted that for some payments, the signatures on the attendance lists did not tally with those on the payment schedules for the same individuals. Management explained that expenditure was expended as per planned activities.

The Committee should ensure the Accounting Officer further investigates the said expenditures and confirm that the activities were actually executed.

13.2 Force on account management

The district carried out routine mechanized maintenance of roads under the force on account mechanism. A number of irregularities were noted such as, lack of evidence of formal appointment of the force on account supervisor contrary to the guidelines, no requests submitted to contracts committee by the user department for approval. Management took note of the observation and made a commitment to adhere to the guidelines.

The Committee should task the Accounting Officer to ensure that all works under the force on account mechanism are executed in accordance with the guidelines, and to ensure proper financial management to minimize the risk of misuse and loss.
13.3 Lack of Measurement Sheets

I observed that measurement sheets were not prepared by the certifying officer for projects totaling UGX 278,463,738. I could therefore not confirm the basis of preparation of the payment certificates and the accuracy of assertions made in the certificate. The certificate may have been made without measurement of actual works executed on ground.

The Committee should task the Accounting Officer to ensure that projects are continuously inspected and measurement sheets prepared.

13.4 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was noted that there was discrepancy of actual grants received by the Local Government from the (MoFPED). The District financial statements showed an amount of UGX 10,636,445,782 whereas MoFPED shows a total of UGX 10,420,728,669 as having been released to the district leading to unexplained difference of UGX 215,717,113.

Management explained that UGX 215,717,113 was received from Ministry of Finance, Planning and Economic Development as shown below.

Table: 28

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>63,323,903</td>
</tr>
<tr>
<td>Education</td>
<td>1,391,000</td>
</tr>
<tr>
<td>CDD</td>
<td>25,710,901</td>
</tr>
<tr>
<td>MAAIF</td>
<td>10,642,500</td>
</tr>
<tr>
<td>Uganda Road Fund</td>
<td>114,648,809</td>
</tr>
</tbody>
</table>

13.5 Weaknesses in Monitoring Work Plans in 2012 and 2011

The district monitors the performance of work plans using OBT (Output budgeting tools) provided by Ministry of Finance. However, the reports were not aligned with
the work plan and activities were lumped together hence limiting monitoring of outputs. As a result, verifying the output against targets was difficult. Management explained that, they raised the concern with the Ministry of Finance, Planning & Economic Development.

The district monitors the performance of work plans using OBT (Output budgeting tools) provided by Ministry of Finance. However, the reports were not aligned with the work plan and activities were lumped together hence limiting monitoring of outputs. As a result, verifying the output against targets was difficult. Management explained that, they raised the concern with Ministry of Finance.

The Committee should task the Accounting Officer to work with the audit team to align the output with the work plan activities and also liaise with MoFPED to streamline the performance measurement tools.

### 13.6 Doubtful Purchase of Stationery

UGX 12,939,100 paid to individuals in respect to purchase of stationery & other office items appear doubtful as items could not be traced in stores ledger and lacked supporting documents like Local Purchase Orders, delivery notes and issue notes. I was therefore not able to confirm whether the procurements were made or not.

Management indicated that they lacked staff a store keeper since the District was new.

The Committee should task management to adhere to the procurement guidelines and limit macro procurements to emergencies and further investigate whether the said stationery were actually procured. If not the money must be recovered.

### 13.7 Un-checked Pupil Drop-Out

Analysis of data obtained from 51 random selected primary schools showed an accumulated dropout rate of 79% in enrollment of pupils from P 1 to P 7 (as table...
Management explanation on drop out, indicated that, pupils drop out from government schools in search of better education in private schools but this could not be verified.

Table: 29

<table>
<thead>
<tr>
<th>Primary</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>P4</th>
<th>P5</th>
<th>P6</th>
<th>P7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>2004</td>
<td>20052006</td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>786</td>
<td>37863780</td>
<td>3309</td>
<td>2816</td>
<td>2466</td>
<td>1670</td>
<td></td>
</tr>
</tbody>
</table>

Un-checked dropout may impact negatively on the standards of education in the district and country at large. It may also lead to high illiteracy levels and retard development and productivity.

The Committee should task the District to design by laws of taking and retaining children at school. And also ensure that education environment should also be improved to attract pupils back to school.

13.8 Primary Leaving Examination Performance

Review of academic performance over three years in 51 random selected schools indicated that pupils in grade U cannot proceed to the next level. Management was advised to devise measures of reducing the level of failures so as to improve career opportunities of the pupils. The Table below refers.

Table 30

<table>
<thead>
<tr>
<th>Year</th>
<th>Grade I</th>
<th>Grade II</th>
<th>Grade III</th>
<th>Grade IV</th>
<th>Grade U</th>
<th>Total</th>
<th>%-age of Grade (u)</th>
</tr>
</thead>
</table>
The district monitors the performance of work plans using OBT (Output budgeting tools) provided by Ministry of Finance

However, the reports were not aligned with the work plan and activities were lumped together hence limiting monitoring of outputs. As a result verifying the output against targets was difficult.

Management explained that, they raised the concern with Ministry of Finance.

The committee should ascertain whether management aligned the mentioned reports with the work plans since they were advised to liaise with the Ministry of Finance.

### 13.9 Budget Management

In the year 2011, out of the amount received UGX 671,985,969 was committed to 27 projects in the health sector, education, water and works sectors.

By the end of the year only 25 of the planned activities worth UGX 606,940,954 were complete, the rest of the 2 activities worth UGX 65,045,015 were either work in progress or incomplete, due to various reasons including limited capacity of contractors, funds to released etc.

Though the Auditor stated that management fulfilled its mission of service delivery to the Local community The committee should verify whether the assumed work in progress or incomplete were implemented.

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>99</th>
<th>931</th>
<th>351</th>
<th>96</th>
<th>64</th>
<th>1541</th>
<th>4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>2007</td>
<td>84</td>
<td>993</td>
<td>438</td>
<td>101</td>
<td>66</td>
<td>1682</td>
<td>4%</td>
</tr>
<tr>
<td>Year</td>
<td>2008</td>
<td>30</td>
<td>721</td>
<td>604</td>
<td>182</td>
<td>120</td>
<td>1657</td>
<td>7%</td>
</tr>
<tr>
<td>Year</td>
<td>2009</td>
<td>87</td>
<td>923</td>
<td>448</td>
<td>169</td>
<td>83</td>
<td>1710</td>
<td>5%</td>
</tr>
<tr>
<td>Year</td>
<td>2010</td>
<td>117</td>
<td>983</td>
<td>380</td>
<td>99</td>
<td>40</td>
<td>1619</td>
<td>2%</td>
</tr>
</tbody>
</table>
14 RUBIRIZI DLG

14.1 Apparent mismanagement of CDD funds

In the year 2013, a review of internal audit reports indicate that Kyambura youth development group and Kyantako bagambanokora group were each allocated UGX 2,500,000 for goat rearing projects under CDD.

It was noted that groups received cash from then Acting Community Development Officer (ACDO). The Chairperson of the youth group acknowledged receipt of UGX 1,200,000 only though the ACDO banked UGX 2,400,000 implying the ACDO took the difference of UGX 1,200,000 and the group shared UGX 1,200,000.

It was further observed that another payment of UGX 2,500,000 was paid to Kyaritakoba gambanokora group for rearing of goats but on verification there were no goats.

There is likelihood that Public funds were not put to proper use. Management explained that implicated staff in the mismanagement of these funds was interdicted and investigations are ongoing.

The Committee should find out whether the Accounting Officer to recover the funds from the beneficiaries who did not put them to the intended use.

14.2 Lack of loss report forms

In the same year, Audit made a review of the council minutes revealed that one motorcycle of the District belonging to the internal audit unit and a monitor from the production department was stolen.

However, the loss of these assets was neither reported to police nor to the Internal Auditor contrary to the regulations. Besides, this loss was not reported in the final accounts under statement of loss of government assets.
Management stated that the issue was reported to police and investigations were ongoing.

The Committee should ensure the loss was reported to the police, follow up the matter and appropriate action is taken.

14.3 Membership of the district service commission

It was observed that the district service commission had only three members out of the required five members. The two representatives of the town boards and urban authorities were missing on the membership of the commission.

This, implies that there may be delays in decision making due to lack of quorum and views of the urban authorities may not be adequately represented to the commission.

Management attributed the anomaly to failure by the district to get a person to represent special interest groups.

The Committee should task the management to ensure that the two missing members of the service commission are appointed or recruited to ensure effective service delivery to the district.

14.4 Declining performance of UPE schools

Analysis of information provided by the education sector revealed unsatisfactory performance in schools in Rubirizi district as indicated below.

Table: 31

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DIV I</th>
<th>DIV II</th>
<th>DIV III</th>
<th>DIV IV</th>
<th>U</th>
<th>X</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>81</td>
<td>567</td>
<td>187</td>
<td>78</td>
<td>18</td>
<td>52</td>
<td>983</td>
</tr>
<tr>
<td>2009</td>
<td>29</td>
<td>539</td>
<td>323</td>
<td>76</td>
<td>12</td>
<td>30</td>
<td>1009</td>
</tr>
<tr>
<td>2010</td>
<td>182</td>
<td>1015</td>
<td>286</td>
<td>94</td>
<td>81</td>
<td>69</td>
<td>1727</td>
</tr>
</tbody>
</table>
Though the numbers of DIV 1 and DIV 2 show an increasing trend over the years, this was attributed to the increasing number of candidates sitting for the Primary Leaving Examinations (PLE). The number of pupils in division U and X have been increasing over the years signifying poor performance. A critical analysis of the performance shows that it has on average been declining over the years as shown in the analysis below.

Table 32

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DIV I</th>
<th>DIV II</th>
<th>DIV III</th>
<th>DIV I change % change</th>
<th>DIV II change % change</th>
<th>DIV III change % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>81</td>
<td>567</td>
<td>187</td>
<td>52 64%</td>
<td>28 5%</td>
<td>136 73%</td>
</tr>
<tr>
<td>2009</td>
<td>29</td>
<td>539</td>
<td>323</td>
<td>153 528%</td>
<td>476 68%</td>
<td>-37 11%</td>
</tr>
<tr>
<td>2010</td>
<td>182</td>
<td>1015</td>
<td>286</td>
<td>77 42%</td>
<td>-39 -4%</td>
<td>-7 -2%</td>
</tr>
<tr>
<td>2011</td>
<td>259</td>
<td>976</td>
<td>279</td>
<td>229 68%</td>
<td>172 18%</td>
<td>-79 28%</td>
</tr>
<tr>
<td>2012</td>
<td>488</td>
<td>1148</td>
<td>200</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unsatisfactory performance may be due to demotivated teachers, absenteeism of both pupils and teachers, delay to get salary and sometimes delay to access payroll by the teachers. The Accounting Officer acknowledged the issue and said every effort was being made to address the problem.
The Committee should advise the management to institute mechanism to curb absenteeism and liaise with other stakeholders to address other factors that affect Universal Primary Education.

**14.5 Unacknowledged Transfer of funds to Lower Local Governments**

In the year 2013, it was noted that UGX 10,415,504 transferred to Sub-Counties and town councils lacked acknowledgement receipts.

In the circumstances, the Auditor could not ascertain whether these funds were received by the intended beneficiaries and put to the intended use.

The Committee should task the Accounting Officer to avail acknowledgement receipts from the intended beneficiaries or else ensure the funds are recovered.

**14.6 Inspections**

**14.6.1 Non engraving of bicycles for Parish and Village Council Chair persons**

The district awarded a contract to Sunad Ltd for supply of assembled bicycles at a sum of UGX 85,642,800.

It was noted that the bicycles were not labeled as property of Rubirizi Local Government contrary to the MOU with the ministry of local government.

There is a risk that these bicycles may end up in wrong hands.

The Committee should verify whether the District bicycles are labeled.

**14.6.2 Ngoro Primary School**

The school has very old structures mainly made out of mud and most of them were very dilapidated. There were no permanent structures for teachers’ accommodation. On average, about 5 pupils share a desk due to lack of adequate furniture at the school.

Sections of the school showing debris gathered in one of the class rooms.
The dirty learning environment may affect performance of the pupils and may be a demotivator to the teachers who teach in such environments.

The Committee should ensure permanent structures are put in place, desks are delivered and school environment improved to enable pupils to perform better.

14.7 Reconciliation of Central Government Grants (Treasury Releases to Districts)

The District financial statements reflect an amount of UGX 6,917,553,626 having been received by the district whereas the Ministry of Finance, Planning and Economic Development shows a total of UGX 5,839,087,455 as the amount that was released to the district resulting in an unexplained difference of UGX 1,078,466,171.

The Committee should demand the Accounting Officer to reconcile the discrepancy in the releases with the Ministry of Finance, Planning and Economic Development.

14.8 Delayed Projects

The District Administration had significant delays in completion of works contracts varying from between 1 to 4 months. Delays in implementation of contracts leads to delayed service delivery and extra administrative costs.

The Committee should task the Accounting Officer to take measures to enforce timely contract execution.
19.9 Transfers of Grants to Health centers (PHC Non-Wage Transfers)

UGX 52,911,000 meant for PHC Non-Wage (Public Health Care) was apportioned between the District Health Office (DHO), Rugaazi HCIV, and nine HCII"s and three HCIll"s without a proper basis.

However, these were not used and no explanation was given by management why it was not Allocating Public Health Care (PHC) funds without using the proper PHC is irregular and may affect much needed service delivery.

The Committee should demand the Accounting Officer to obtain guidelines from the Ministry indicating the criteria used when transferring funds to the various health centers and also explain the above anomaly.

14.9 Failure to Separate Rugaazi HCIV Funds from those of the District

Contrary to guidelines on transfer of funds to Health Centre, a sum of UGX 22,400,916 that was transferred to Rugaazi HCIV remained on the Districts" Health account.

The funds were received by the HC IV though no accountabilities have been availed. There is a risk that the funds of the HC IV"s were not used for the intended purposes.

Management stated that they separated the accounts, however, the accountabilities were not availed for audit verification.

The Committee should ensure accountability to confirm that the funds were remitted to the Health Centre and utilized for the intended purposes.

14.10 Un-presented Monthly Financial Statements for the Year2011/2012

Contrary to the regulation, management did not prepare monthly financial statements.
In the year 2013, management explained that these statements were prepared, copies were not availed for verification. Lack of reports hampers monitoring of financial performance by the select committee of council.

The Committee should task the management to avail the copies for verification and always comply with the regulations.

14.11 Lack of a Clear Training Policy

In the year 2013, it was noted that the district enhanced training of its staff through capacity building yet it does not have a clear training policy.

Although management explained that the policy existed, it was not availed for audit verification.

There is a possibility of unfair selection of staff for training which could cause disharmony leading to non-achievement of value for money from training.

The Committee should advise the Accounting Officer to follow regulations when selecting staff for training so that it enhances staff performance.

14.12 UPE Schools Performance

Analysis of performance in 35 schools across Rubinzi District out of the 56 schools indicated unsatisfactory performance as indicated below.

Table: 33

<table>
<thead>
<tr>
<th>Grade</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade I</td>
<td>81</td>
<td>29</td>
<td>98</td>
<td>112</td>
<td>178</td>
</tr>
<tr>
<td>Grade II</td>
<td>567</td>
<td>539</td>
<td>672</td>
<td>712</td>
<td>733</td>
</tr>
<tr>
<td>Grade III</td>
<td>187</td>
<td>323</td>
<td>237</td>
<td>232</td>
<td>193</td>
</tr>
<tr>
<td>Grade IV</td>
<td>78</td>
<td>76</td>
<td>89</td>
<td>73</td>
<td>79</td>
</tr>
</tbody>
</table>
Unsatisfactory performance may be due to demotivated UPE teachers, absenteeism of both pupils and teachers and generally poverty.

The Committee should ensure that the Accounting Officer to institute mechanism to curb absenteeism and to liaise with other stakeholders to address the factors that affect universal Primary Education.

14.13 UPE Drop out Ratio

A review of pupil enrolment trends from 2005 primary one (1,870) to primary seven in 2011 in 19 primary schools (34% coverage) out 56 schools in the District revealed high a dropout rate of 79% Refer to table below and statistics of 19 primary schools out of 56 analyzed.

Table: 34

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class</td>
<td>P1</td>
<td>P2</td>
<td>P3</td>
<td>P4</td>
<td>P5</td>
<td>P6</td>
<td>P7</td>
</tr>
<tr>
<td>Total number of pupils</td>
<td>1870</td>
<td>1161</td>
<td>1034</td>
<td>829</td>
<td>726</td>
<td>622</td>
<td>394</td>
</tr>
<tr>
<td>No of pupils who dropped out</td>
<td>709</td>
<td>127</td>
<td>205</td>
<td>103</td>
<td>104</td>
<td>228</td>
<td></td>
</tr>
<tr>
<td>Dropout ratio</td>
<td>38%</td>
<td>11%</td>
<td>20%</td>
<td>12%</td>
<td>14%</td>
<td>37%</td>
<td></td>
</tr>
</tbody>
</table>
The negative trend may be due to lack of district policy to keep pupils in schools. This may lead to declining literacy levels and worsening poverty in the long run.

I advised management to formulate a policy of enforcing education and liaise with other stakeholders to address factors that cause school dropout.

14.14 Irregular Allowances

UGX 34,413,331 were paid to staff while carrying out routine work at the district in disregard of the public service guidance on allowance. Table below refers.

<table>
<thead>
<tr>
<th>Department/sector/program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and planning</td>
<td>37,277,331</td>
</tr>
<tr>
<td>Administration</td>
<td>1,136,000</td>
</tr>
<tr>
<td>Total</td>
<td>38,413,331</td>
</tr>
</tbody>
</table>

Management indicated that the irregularities were noted and are being addressed.

The Committee should task the management to review the payments case by case and have appropriate action taken.

14.15 Lack of Pay change Forms on File and Referenced Personnel Files

The pay change forms are required to be filled in triplicates, but the file copy was not filed in the personal files and the backup copy was not left in the book. In addition, documents in personal files were not serenely filled as required by the best practice.

Personal files were incomplete and recycling of the claims may not be ruled out. Documents may be removed from the personal files without leaving any trace.
Management indicated that, the challenges of filling are being addressed

The Committee should task the management to serialize documents and filling bottlenecks resolved

14.16 Lack of Establishment Register

It was observed in the year 2011 that the LGFA R 2007 section 53(1) requirement was not complied with

None compliance may lead to untimely update of payroll and loss of funds through paying none existing staff

Management acknowledged the omission and promised to comply

The Committee should find out whether management kept establishment registers and departmental establishment returns in the subsequent years and evidence should be presented

14.17 Appraising of the District Workers/ Staff

It was noted that the District did not adhere to the instruction was not adhered to Public service standing Orders (A-M) paragraph 14 requirement of appraising staff

Management explained that appraisals were fully done save for primary schools

The Committee should verify whether management complied with the regulations in the subsequent years and they provide evidence

14.18 Inspection of Primary schools (Inspection of Primary schools)

Performance of primary seven (P7) pupils over 7 year in 28 primaryes schools indicated some improvements but with some pupils in grade X who have finished primary education but without certificates Although the category numbers have reduced from 96 in 2004 to 40 in 2010, this category portrays a
bad image. This may be due to harsh social-economic environment for pupils.

Table and graph below refers

**Table. 36**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade I</td>
<td>28</td>
<td>41</td>
<td>58</td>
<td>86</td>
<td>28</td>
<td>77</td>
<td>128</td>
</tr>
<tr>
<td>Grade II</td>
<td>384</td>
<td>467</td>
<td>583</td>
<td>621</td>
<td>589</td>
<td>666</td>
<td>732</td>
</tr>
<tr>
<td>Grade III</td>
<td>244</td>
<td>270</td>
<td>206</td>
<td>174</td>
<td>318</td>
<td>246</td>
<td>201</td>
</tr>
<tr>
<td>Grade IV</td>
<td>177</td>
<td>109</td>
<td>80</td>
<td>62</td>
<td>90</td>
<td>86</td>
<td>63</td>
</tr>
<tr>
<td>Grade V</td>
<td>117</td>
<td>51</td>
<td>36</td>
<td>42</td>
<td>23</td>
<td>28</td>
<td>38</td>
</tr>
<tr>
<td>Grade x</td>
<td>96</td>
<td>80</td>
<td>75</td>
<td>66</td>
<td>58</td>
<td>51</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>1046</td>
<td>1018</td>
<td>1038</td>
<td>1051</td>
<td>1106</td>
<td>1154</td>
<td>1202</td>
</tr>
</tbody>
</table>

Management explained that, they have no transport means and adequate resources to improve on supervision.

The Committee should verify whether management adhered to the Auditor’s advice of improving on the inspection and primary education to motivate pupils.

**14.19 Dropout of Pupils**

Out of 45 schools chosen at random, Primary one enrolment of 13370 pupils enrolled 2004 only 4,454 completed Primary seven representing only 33.3% completion rate. This also indicates 66.7% drop out rate. Table below refers

**Table. 37**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>School</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Management explained that, parents may not be playing their role and promised to table a bylaw to council to address the issue.

The Committee should verify whether management adhered to the Auditor’s advice.

### 14.20 Weaknesses in Monitoring Work Plans

The work plans performance monitoring tool used (Output budgeting tools) was not aligned to budgets, work plan and activities were lumped together.

The report does not show the targeted output, actual output and budget for these activities it merely shows the total expenditure per each vote or sub-vote.

As a result monitoring of output against targets was difficult.

Management explained that, the issue has been noted and is being addressed.

The committee should verify whether the Accounting Officer adhered to the Auditor’s advice of adopting appropriate tools to monitor budget performance.

### 14.21 Budget Management

It was observed that in the year 2011 UGX 306,102,892 was committed to 42 projects in the health sector, education, water and works sectors. By the end of the year, 40 of the planned activities worth UGX 232,874,632 were complete, the rest of the 2 activities worth UGX 73,228,260 were either work in progress or incomplete, due to various reasons including limited capacity of contractors, funds to released etc.

Management fulfilled its mission of service delivery to the Local community.
The committee should make a follow up on whether management implemented its activities timely in the subsequent manner.

15 BUSHENYI - ISHAKA MC

15.1 Income statements

Audit noted that council did not show the budgeted figures for the year in the accounts contrary to section 7.2.2 of the local government financial and accounting manual 2007.

The committee should however find out whether management prepared the income statement in compliance to the manual.

15.2 Revision of approved budget without authority

In the financial year 2010/2011, management did not comply to the supplementary budget provision warrant to be issued to vote controllers after approval of supplementary budget and vote books to updated to reflect the supplementary provisions despite having an approved supplementary budget of UGX 543,781,691.

However funds may be re-allocated to non-priority activities.

The committee needs to find out whether management subsequently follows procedures and appropriate documents completed.

15.3 Lack of road survey

In the financial year 2010/2011, Council opened up 47 45kms of roads at a cost of UGX 143,498,690 but the roads were not surveyed and appear narrow with no road reserves and un-planned roads may lead to congestion and uncoordinated developments.
In verbal discussions with the Auditor General, the Town clerk attributed it to avoiding huge compensation costs.

The committee should find out whether the subsequent Municipal roads were surveyed and have road reserves.

15.4 School drop out

The Municipal Council has 18 schools and out of the 1,808 pupils who started primary one in 2004, only 857 finished primary 7 in 2010 indicating a dropout rate of 47%. Table below refers.

Table. 38

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>1,808</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P2</td>
<td>1,131</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P3</td>
<td>1,269</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P4</td>
<td>1,206</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P5</td>
<td>1,044</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P6</td>
<td>1,090</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P7</td>
<td>857</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,808</td>
<td>1,131</td>
<td>1,269</td>
<td>1,206</td>
<td>1,044</td>
<td>1,090</td>
<td>857</td>
</tr>
</tbody>
</table>

Un-checked dropout may impact negatively on the social-economic development of district and the country at large.

Though Management attributed it to re-allocation to private primary schools, early marriages and poverty.

The committee should interest itself in finding out whether management setup initiatives to compel pupils to go to school.

15.5 Budget management

In the financial year 2010/2011, the Municipal Council had budgeted for UGX 3,829,073,914 but received UGX 3,428,857,217 hence a shortfall of UGX 400,216,697.

UGX 486,510,473 was committed to 14 capital projects, but at end of the year only 4 were complete worth UGX 231,909,713, and the rest worth
UGX 440,254,600,760 were either work in progress or incomplete, due to various reasons including limited capacity of contractors, among others.

However, management did not fulfill its mission of service delivery to the Local community, therefore, the committee should find out whether management implemented its activities in the subsequent years in the timely manner.

16 KABALE MC

16.1 Non-disclosure of proceeds from sale of Land

A review of receipts revealed that the Municipal council received UGX 90,000,000 from the buyer on receipt No. 3205 for plot M636 Jackson road against the recommendation of the Contract Committee. At the time of audit this monies had been spent yet the disposal process had not been concluded. Besides, this amount was not reported in the financial statements as a deposit or liability.

Management explained that the disposal process is ongoing and that the sale had not been concluded.

The committee needs to confirm whether the Accounting Officer refunded the monies to the depositor and whether the necessary disclosures were made in the financial statements.

16.2 Non Remittance of Local Revenue to Divisions

It was noted that council did not remit 47,623,223 and 79,583,222 in the years ended 2013 and 2012 respectively, representing 30% shares to divisions.

This negatively impacts on the performance of the divisions and service delivery.

The committee should find out whether these fund were remitted the respective divisions.
16.3 Double Payment of Gratuity

During the period under review, council made double payment of gratuity to Mayor and Deputy mayor who had received their gratuity by straight through Processing mechanism on the month of June 2013 were again paid UGX 6,652,800 by Council resulting in a double payment. This was irregular and caused financial loss.

The committee should interest itself to find out whether these monies were recovered from the mentioned officials.

16.4 Outstanding Liabilities

It was observed that un-paid retention monies had grown from UGX 20,020,968 at the beginning of the year to UGX 54,336,555 by end of June 2011 despite the expiry of the contractual obligation. Also included in the liabilities are payables of UGX 160,742,401 that have remained unpaid for more than a year.

Long overdue obligations may attract penalties and interest. Management attributed it to shortfall of revenue.

The committee should ascertain whether management clear all outstanding retention monies and revenue shortfall should be no excuse.

16.5 Long Overdue Advances

It was observed that, personal advances of UGX 1,716,000 remained outstanding for more than 12 months.

Management should explain and present recovery particulars to the committee and provide explanations for the delayed recovery.
16.6 Lack of linkage between Three Year Development Plan, Budget/ Work Plan and the Actual Work Done

It was observed that the three year development plan, budget/ work plans and the actual work done were not linked. The work plans did not specify in which quarter the activities were to be done.

And implementing projects outside the development plan may lead to uncoordinated developments and Council strategic objectives and national objectives may not be achieved.

Management should give an explanation for this disparity and the committee should find out whether the planning and working documents were aligned in the subsequent years.

16.7 Budget Management

Audit noted that, the Municipal Council had budgeted for UGX 5,084,655,272 but received UGX 4,912,870,963 occasioning a shortfall of UGX 151,784,389.

UGX 2,416,420,410 was committed to 103 projects in the health sector, education, water and works sectors. By the end of the year only 4 of the planned activities worth UGX 2,096,185,243 were complete, the rest of the 16 activities worth UGX 320,235,167 were either work in progress or incomplete, due to various reasons including limited capacity of contractors, funds to released etc.

Management did not fulfill its mission of service delivery to the Local community.

The committee should interest itself to find out whether planned activities were implemented in the subsequent years in a timely manner and if not, management should be held culpable.
3.17 MBARARA MC

17.1 Delayed utilization of USMID funds

Mbarara Municipal Council received funding of UGX 2,698,862,531 on 28/3/2014 from the (USMID) project under the Ministry of Lands, Housing and Urban Development to undertake the upgrading of Municipal roads.

It was observed that Council had not spent the funds as at end of the year. Unspent balances deny provision of services to the community.

Although the Accounting Officer explained that the contractors had quoted very high prices compared to the available funds and therefore contracts were not awarded. The Committee should find out why the money sent to the district was not utilized for the intended purpose and verify whether the said money is still intact.

17.2 Non preparation of Quarterly Financial Statements

Failure to submit such reports implies that the Councils' performance could not be effectively monitored by the Council Executive.

Although the Accounting Officer stated that management had submitted the reports in question, no evidence to the effect was presented to support his explanation.

The Committee should demand that management always ensures that quarterly financial statements comprising of the Income and expenditure statement, balance sheet, cash flow statement, trial balance, and explanatory notes, are prepared and submitted to the Council Executive Committee as required by the regulations.


17.3 Non-Renewal of Central Market Tenancy Agreements

The Municipal Council manages a total of 279 lockup shops at the central market, where one-year tenancy agreements with traders were signed in 2006 and were to expire in 2007. The terms in the agreement were that the traders would pay for each lockup shop, a monthly rental fee of UGX 30,000 payable in advance.

Audit however established that there was no evidence that the Council made an effort to renew the tenancy agreements that expired in 2007. Besides, there has not been any efforts to review the rental fees for the last seven years to match the prevailing market rate.

Under the circumstances, the Council is exposed to a risk of losing revenue not only from defaulting tenants as they are not obligated to pay given the absence of valid tenancy agreements, but also as a result of the unrealistic rates.

In their response, Management explained that following the fire that burnt the market in 2007, most traders lost property and Council allowed them to continue paying old rates till they recovered from the losses they had incurred.

The Committee should find out whether the Authority had already renewed the tenancy agreements with the traders. Also advise the management to consider reviewing the rental fees basing on mutual understanding among themselves.

17.4 Tarmacking of a Road Portion by a Private Developer – UGX 22,380,000

Council granted permission to a private developer to tarmac a portion of Bananuka lane measuring 140m x 6m at a cost of UGX 22,380,000 with an understanding that in exchange for tarmacking the road, Council would offset the cost from the property tax due from the private developer. The following matters were however noted -

- The details of the property referred to were not disclosed.
• There was no evidence that the Council had a clear scope of work in form of Bills of Quantities (BOQs) and road design
• The Council did not have a binding agreement regarding the whole arrangement

Under such circumstances, Audit was not able to establish whether the above rate was justified. Besides absence of any binding agreement exposes the Council to a risk of legal challenges, in the event that any party is not satisfied with the transaction

In their response, management explained that the property referred to is a new building that has not yet been valued in order to establish its actual ratable value

The Committee should find out whether management entered into an agreement with the private developer and to always compile detailed BOQs detailing the actual cost of such ventures. And also advise the District to develop a policy guide for approval by its Council, of the procedures to be followed by any private developer wishing to make a similar development in future

17.5 Contract Management

Examination of a sample of procurements made by the Council revealed that contract managers were not appointed to oversee a number of procurement contracts being executed, nor were contract implementation plans prepared in respect of these procurements

Failure to have contract managers and plans in place led to failure to monitor the progress of the contracts so as to identify potential snags early enough during contract implementation, with ultimate loss of funds through subsequent re-works and rectification costs

Although the Accounting Officer explained that contract managers were in place, there was no evidence provided to prove this assertion
The Committee should ascertain whether the Contract Managers had been appointed and if not, they should ensure that Contract Managers are appointed for all contracts and that contract implementation plans are also compiled to ease the monitoring and tracking of progress.

17 6 Unimplemented Projects Incompletely Accounted for Fuel Deposits

Audit revealed that a total of UGX 33,640,900 was deposited at various fuel service stations in respect of fuel for implementation of various activities. However, review of accountabilities submitted revealed that the journeys made were not recorded in the motor vehicle movement log books and fuel ledgers. Under such circumstances, it was not possible to establish whether all the funds deposited for fuel were utilized for the intended purposes.

In their response, Management attributed this anomaly to the nonfunctioning odometers for the aged vehicles owned by the Council while other private vehicles were hired and fueled from the deposits in question.

The Committee should establish whether the funds deposited for fuel were utilized for the intended purpose and ascertain whether the vehicles in question were repaired so as to be able to fully comply with the standing orders.

17 7 Cash Payments

It was noted that during the year under review, cash amounting to UGX 457,135,743 was withdrawn and spent by two cashiers, as shown in appendix 4. It was observed that there was no proper policy on cash payments as funds were drawn in the names of the cashiers who would then pay the final beneficiaries. Such a practice renders tracing of the final beneficiary in the cash book impossible and hence complicates the audit trail. Further noted was that the payments to the beneficiaries were not promptly made. This puts Council at a risk of loss, given the risky nature of cash especially where no impress cash book is maintained.
Management stated that the council still operates a manual system that requires a lot of time and manpower to be fully executed. As a result, council improvised a system of aggregating payments on single cheque leaf drawn in the names of the cashier and distributed to the various beneficiaries based on the available claims and vouchers.

The Committee should find out whether an appropriate system had been put in place to reduce the risk of loss and advise management to desist from the practice of making cash payments and instead use cheque payments as required under the Local Government Financial and Account Regulations.

The committee should also ensure that for any impress to be maintained, management should maintain an impress cash book to clearly show the breakdown of the final expenditures.

17.8 Fuel Utilization – UGX 56,073,658

The Council deposited UGX 56,073,658 for supply of fuel to two fuel stations during the execution of Force on account activities during the year under review. Examination of the records availed did not show how fuel was utilized. Under the circumstances, there is a risk that the fuel was not applied to the intended purpose.

Although Management stated that the fuel requisition orders and consumption receipts for each payment voucher were available for verification, these were not availed by the time of compilation of this report.

The Committee should task the Accounting Officer to avail consumption receipts of the said fuel for examination. And also advise him to strengthen controls surrounding the utilization of fuel by the Council.

17.9 Supply of Road Lime - UGX 68,680,000

Although M/s Kash and General hardware was awarded a contract to supply lime under force on account, it was noted that 170 tons of road lime worth
UGX 68,680,000 was procured from M/S Pelco Services Ltd, a company that was not prequalified and had no contract award. There was no evidence that the identification of this firm was done through the normal procurement procedures. This was therefore irregular.

In their response, Management stated that M/S Pelco Services Ltd was identified using market knowledge and that the firm supplied the lime at UGX 404,000 per ton, which was cheaper than the cost awarded to M/s Kash and General Hardware, thereby making a saving of UGX 96,000 per ton in favor of Council.

The Committee should demand proof that M/s was actually cheaper than those that bid. And that management should always ensure that all procurement awards are made with the blessing of the contracts committee as required by the procurement regulations.

17.10 Payments to Petty Contractors – UGX 27,898,300

Municipality roads are maintained by casual laborers on a routine basis. According to the MoWT guidelines for maintenance of District and Urban roads, they are supposed to be organized in road gangs, supervised by head men and overseers and paid wages according to the agreed rates.

The council however, paid UGX 27,898,300 to sundry persons as allowances/wages for routine maintenance of various roads, but this was not supported by a register of petty contracts indicating the full details of petty contracts awarded and payments made, contrary to regulation 101 (4) of the LGPPDA.

In addition, they were not reported to the contracts committee for ratification in accordance with regulation 41 (7) of the LGPPDA (refer to Appendix 7 for details). This was therefore irregular.

The Committee should demand for a register of petty contracts to ascertain the payments of UGX 27,898,300 for various road maintenance. And as well ensure
that in future, the Force on account manager is instructed to maintain the said records as provided for by the operational guidelines in force

17.11 Non-Current Assets

It was observed that council procured assets totaling UGX 107,178,649 during the year, but were not recognized in the Balance Sheet. The current assets are therefore misstated in the Balance Sheet.

The Committee should task the Accounting Officer to produce the Balance Sheet showing the value of Assets of UGX 107,178,640.

17.12 Court Costs

UGX 25,000,000 stated as other assets represents a court award to Council on winning a case against M/s Horzon Coaches about plots 32-40 Mbaguta Street. It was noted that the figure is appearing for the second year running without crystallizing into cash from the other party.

The Accounting Officer explained that Council made an application for execution of the court ruling and a warrant guaranteeing that Council attaches Horzon properties was issued. But no property has been found to be owned by Horzon coaches rendering its enforcement difficult. However, Council has taken steps to recover the money by securing the services of FOCUS auctioneers and court bailiffs to help in recovery of the court awards.

The Committee should ascertain whether the said court award had been recovered from Horzon Coaches and related documents produced.
17.13 Reconciliation of Central Government Grants (Treasury Releases to Districts)

The Municipality's financial statements showed an amount of UGX 7,213,216.164 whereas MoFPED shows a total of UGX 6,100,595,293 as having been released to the Municipality leading to unexplained difference of UGX 1,112,620,871.

The Committee should demand the cause of discrepancy in the two figures and advise management to reconcile this position with the MoFPED.

17.14 Garbage Collection

In the financial year 2011/12, contracts were awarded to M/s Nyang'oburofa Enterprises Ltd, M/s Ganyo Frank and M/s Nyamityobora Market Vendors Association Ltd for Collection and Disposal of Garbage in Kakoba division, Nymitanga division and Nyamityobora market-Kakoba division respectively.

It was observed that there was little or no supervision of the sites and the procurement process had several anomalies as showed below:

- No approval from the Solicitor General
- The contractor had requested for change in price for additional UGX 9,000,000 representing 56% and authority was not sought from PPDA as required by regulation 120 (12)
- The Payments made to the contractor could not be established as there are no records filed on the procurement file
- Further, it was also noted that since the contract expired on 30/06/2012, there has been no approval from the contracts committee for the extension of the contract and the firm is illegally collecting revenue.

Management flouted the Procurement procedures and did not offer best services to the community as the Municipality risks disease breakout.

The Committee should demand for value for money from the Contractors by avoided shoddy works and put in place strict measures for supervision of work.
And to advise management to comply with regulations and ensure value for money is achieved.

**17 15 Employee Benefits**

It was observed that employee costs of UGX 25,795,127 were not paid contrary to LGFA regulations 2007. A reduction of employee costs of UGX 38,368,668 from UGX 64,163,795 of the previous year's balance to UGX 25,795,127 was not explained casting doubt on the completeness of the employee cost liability. No ledgers and supporting documents were provided to support the balances.

The Committee should task management to produce ledgers and all supporting documents to support the balances. And advise them to always maintain the appropriate documents and books as required.

**17.16 Unverified and Undisclosed Deposits**

Paragraph 6.4 requires Local Governments to keep subsidiary ledgers. However, deposit liability had reduced from UGX 330,677,547 last financial year to UGX 104,475,908 but the adjustments or payments of UGX 226,201,639 were not disclosed in the cash flow statement due to capacity gaps. Deposits and payments could not be verified due to lack of ledgers.

Deposits reported in the balance sheet were materially misstated and may not be relied upon.

The Committee should task the Accounting Officer to produce the cash flow statement showing the misstatement to be verified.

**17 17 Un-Explained Work in Progress**

Though paragraph 6.4 requires Local Governments to keep appropriate ledgers, work in progress balance of UGX 389,545,898 had no ledgers and a reduction of
UGX 331,289,910 from UGX 720,835,808 of last financial year was not explained. Work in progress could not be verified.

Although management had explained that errors had been corrected and supervision stepped up on verification this was not done.

The Committee should ask the Accounting Officer to produce the ledger to that effect or else recover the fund. And advise them to always address the capacity gaps through training and appropriate ledgers kept.

17.18 Un-disclosed Assets

UGX 25,000,000 arising from civil suit no 243 of 1996 were not properly disclosed in the balance sheet and were not recorded as revenue of the council contrary to regulations.

In addition the asset (plots 32-40 Mbaguta road) was not disclosed in the financial statements. This led to misstatement of assets.

Although management explained that the errors had been corrected, on verification, this was not done.

The Committee should demand the disclosure of the said amounts and if not, the funds should be recovered. And to also advise them to keep appropriate documents and books as required. Financial statements should be adjusted.

17.19 Unremitted Shared Revenues

It was observed that out of UGX 1,287,884,445 (excluding property tax) collected only UGX 80,909,233 was remitted to Divisions leaving UGX 305,456,100 outstanding. Unremitted funds hinders implementation of planned activities at the grass roots. The unremitted funds were also not disclosed as liabilities in the balance sheet.
The Committee should demand accountability for the undisclosed amount or else the Committee should ensure the fund is recovered. And to advise the Accounting Officer to comply with the regulations.

17.20 Irregular Payment of Allowances

Council paid Housing allowance at a rate of 25% of basic pay amounting to UGX 4,405,019, airtime allowance of UGX 51,570,709, footage allowance UGX 29,328,000, Monthly fuel reimbursement of UGX 95,465,878 to all staff without budget provisions and authority from the Ministry of Public Service rendering the expenditure irregular.

Management explained that, the allowances were approved by Council but the evidence provided relate to 2011/12 financial year.

The Committee should task the Accounting Officer to produce the recovered money if he could not avail the Committee with proper documents to that effect. And advised management to seek authority from the Ministry of Public Service and funds properly budgeted for.

17.21 Inadequate Allocation of Local Revenue to Development Projects

Although National assessment guidelines for Local Government require that at least 15% of the Local revenue collected be committed on capital developments, Council collected UGX 1,287,884,445 from local revenues as per cash flow statement (excluding property tax) and remitted only UGX 80,909,233 to Divisions leaving UGX 1,206,975,212 for appropriation within Council. Only UGX 101,545,000 (8.4%) was committed for development projects contrary to the requirement.

The Committee should demand the accountabilities for said fund and proper documents produced to ascertain the recovery if at all. And advise management to revise its priorities to ensure service delivery.
17.22 Payments Made Outside the Work Plans

UGX 42,264,057 were spent outside the planned activities/work plans contrary to the regulations. Funds were diverted to finance non-planned activities. No explanation was provided for the diversion.

Management indicated in its responses that, the payments were included in their work plans and budgets but not further evidence was provided.

The Committee should demand accountability for above mentioned fund and reasons to as to why the fund was diverted to another use. And management to always comply with the regulations.

17.23 Alteration of the Organization Structure without Council Authority

A review of the approved structure and existing structure revealed that positions were created, deleted and others upgraded without council approval and following Public Service procedures. Unapproved alteration has caused discontent among staff, distorted the wage bill and generally departed from council policies.

Management explained that alteration were approved by Council but no evidence was provided.

The Committee should demand the reasons deduced to effect the alteration and advise management to streamline the structure as approved by council and authority for none approved positions sought.

17.24 Failure to make monthly and Quarterly reports

It was noted that reports were not prepared and submitted. Lack of reports committees hampered the committee from discharging its functions effectively. Management explained that, they were prepared and submitted, but no evidence was provided for audit.
The Committee should however demand to see the prepared reports as claimed by the management and advise the Accounting Officer to comply with the regulations.

18 NTUNGAMO MC

18.1 (a) Donations-UGX 1,193,897,500

During the financial year ended 30th June 2013, the Municipal council received road equipment consisting of a Pick-up, grader, tractor, trailer, garbage truck, a motor cycle, a dump truck and a pedestrian roller, worth UGX 1,193,897,500 from the Ministry of Local government. Review of the financial statements revealed that, the value of these assets is not included in the financial statements. The value of the council assets was therefore understated in the financial statements.

The Committee should find out why the value of the Assets were understated in the financial statement and measures taken to correct the anomalies.

(b) Variance in Revenue and Capital Reserves

The notes to the accounts on page 7 show revenue and capital reserves of UGX 63,440,404 and UGX 480,021,913 which are different from UGX 471,571,924 and UGX 86,367,997 respectively reported in the trial balance.

The Committee should find out why the discrepancy in the figures.

18.2 Non remittance of Grant to Divisions

It was observed that UGX 150,527,890 (excluding property tax) was remitted by the divisions to the municipal council. Out of UGX 45,158,367, only UGX 23,950,734 was transferred to the Divisions as grants leaving a balance of UGX 21,607,633 outstanding. Failure to remit funds hinders implementation of planned activities in the Divisions.
The Committee should find out whether funds are remitted to the Divisions in accordance with the regulations.

18.3 Property Valuation

It was noted that the last property valuation was done in 2005 yet a number of ratable properties have been developed and remain untaxed. Without a new valuation list, there is likely loss of potential revenue since new buildings have not been valued and changes in the value of existing property not ascertained.

The Committee should ensure that new structures are valued and the values of the existing ones are ascertained to enable appropriate revenues collected as required by the property rates Act, 2005.

18.4 Budget Management

Table: 39

<table>
<thead>
<tr>
<th>NO.</th>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (UGX)</th>
<th>RECEIVED FUNDS (UGX)</th>
<th>SHORTFALL (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2011/2012</td>
<td>UGX 1,804,737,100</td>
<td>UGX 1,499,208,292</td>
<td>UGX 305,528,808</td>
</tr>
</tbody>
</table>

This affects implementation of planned activities. This affected provision of services to the Local Community.

In the financial year 2010/2011, UGX 416,402,715 was committed to 7 projects in the health sector, education, water and works sectors. All projects were completed awaiting defects liability period.

Management fulfilled its mission of service delivery to the Local community.
The committee should find out whether the stalled projects were carried out and whether planned activities were implemented in the subsequent years.

18.5 Breach of Community Based Guidelines

Ntungamo Municipality received a special grant of UGX 7,736,000 for people with disabilities to facilitate provision of start-up capital for small-scale income generating activities with the aim of increasing employment opportunities, improving productivity and alleviation of poverty of People with disabilities (PWD). Contrary to community based guideline 9.3.2 that require a qualifying PWD group to have been legally recognized and operational for at least a year, council awarded grants to groups which had operated for less than one year. Details below refer.

Table: 40

<table>
<thead>
<tr>
<th>Group name</th>
<th>Date registration of Grant amount (UGX)</th>
<th>Date of award</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kabingo Mpmama Twezintiye</td>
<td>10/10/11</td>
<td>20/6/2012</td>
<td>1,869,000 Goat rearing</td>
</tr>
<tr>
<td>Nyakasa – Nyakihanga – Barema</td>
<td>18/04/2012</td>
<td>20/6/2012</td>
<td>1,869,000 Goat rearing</td>
</tr>
<tr>
<td>Kikonzi- Kabahambi Barema</td>
<td>10/10/2011</td>
<td>20/6/2012</td>
<td>1,869,000 Goat rearing</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>5,607,000</td>
</tr>
</tbody>
</table>

Personal interests and political interference could not be ruled out as the groups could have been registered for the purpose of accessing the financing.

The Committee should ensure that the Municipality adheres with the Community based services guidelines.
18.6 Board of Survey

In addition reference 122(6) requires the Accounting Officer to ensure that the assets of a council are reviewed on an annual basis, to identify those which are obsolete and should be subject to disposal. However, the Board of survey recommended disposing off assets (vehicle) and valuation of land. Delays in boarding off the vehicle may lead to further loss of value due to wear and tear.

The Committee should find out whether the Board of Surveyor recommendation was considered or expedite the process to avoid further diminution in the value of the assets.

18.7 Irregular Distribution of PHC Non-Wage

The Municipality received a total of UGX 26,614,000 as PHC non-wage grant for the year. However, a review of the distributions to the health centers in the municipality revealed that the basis of amounts distributed were not in accordance with the 2011/12 PHC guidelines. The guidelines require that the funds be distributed in the ratio 4:2:1 to health centers IV, III and II respectively; instead a ratio of 3:2:1 was used without justification. The health centers did not receive adequate funding which could have impaired their ability to provide the required services.

The Committee should ensure the Municipal complies with the PHC guidelines for effective service delivery.

18.8 Poor Land Records and Management (Payment for Land)

Council purchased land from an individual along Mbarara- Kabale road at UGX 46,000,000 according to the valuers report. However, documentation relating to the decision making process for the procurement were not availed.

In addition, the payments were made to another person other than that specified in the valuation report. I could not confirm whether the payments were made to
the right person. Management explained that, they based on the affidavit but it was not provided for verification.

The Committee should find out whether the money was paid to the right person or verify the said document.

18.9 Long Overdue and Doubtful Payables

It was noted that, council had UGX 54,983,524 of payables outstanding, out of which UGX 29,705,171 relate to previous financial years. Besides long outstanding debts may lead to unnecessary litigation and losses.

The Committee should ensure that the Council clears all outstanding debts and adhere to the commitment control systems.

18.10 Unauthorized Overdrafts

It was observed that management overdrew its accounts by UGX 1,610,180 and the liability was not properly disclosed in the balance sheet. Table below refers.

Table 41

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>1,491,722</td>
</tr>
<tr>
<td>Education</td>
<td>118,458</td>
</tr>
<tr>
<td>Total</td>
<td>1,610,180</td>
</tr>
</tbody>
</table>

Interests accruing to overdrafts are losses to the council. Management explained that, it was due to opening of the new accounts when the entity became a municipal council and not properly closing the old ones.

The Committee should ensure that old accounts are properly closed according to the regulations and Bank charges should be refunded by the responsible officer as required by LGFAR 2007 paragraph 77(2).
18.11 School Drop out

The Municipal Council has 6 schools. It was observed that it had a school accumulated drop out of 73% as indicated in the table and graph below.

The education sector/ Municipal Council has not designed any strategic policies to retain the already enrolled pupils. Un-checked dropout may impact negatively on the standards of education in the district and country at large.

The Committee should find out the causes of dropout trend and necessary action taken accordingly.

19 RUKUNGIRI MC

19.1 Unrecovered Advances

It was noted that advanced totaling UGX 1,278,042 to M/s Muramira and Karugaba remained outstanding at the year end. The officers are said to have left the employment of the municipality Council is likely to lose funds due laxity in enforcing recovery from officers.

The Committee should task the District to ensure that all funds are recovered.

19.2 Statement of Arrears of Revenue

Contrary to the regulation, the reported arrears of revenue amounting to UGX 95,734,009 could not be verified due to the absence of revenue registers and the certified uncollected arrears by the Head of Finance to the Executive.

The Committee should ensure that revenue registers and certified uncollected arrears are availed for verification.
19.3 Un Remitted collections to the Divisions

Examination of accounts revealed that the 30% remittances to the Divisions amounting to UGX 9,418,977 had not been remitted to the divisions at the time of audit. Furthermore, books of accounts and bank reconciliations were not produced for audit.

The Committee should task the District to ensure that funds are remitted promptly as required by the regulations. Books of Accounts and bank reconciliation are produced for audit.

19.4 Unauthorized Transfers between Accounts

During the year UGX 121,146,045 was transferred and reallocated between various accounts without proper authority from council. This practice might be a ploy to defraud Government money.

In absence of council authority the reallocations were done illegally and funds may have been misappropriated by management.

Management explained that these transfers were not reallocations but temporary inter account borrowings which did not require approval by the council. All the borrowings were refunded and the refunded money spent on the intended activities.

I observed that any transfer of funds from one account to another requires prior authorization in accordance with section 27 (3) of the Local Government Regulations which was not the case in all these situations.

The Committee should prevail over the District to ensure that reallocations and transfers of funds are approved in accordance with the Regulations.
19.5 Unremitted Funds to Lower Councils

UGX 60,943,817 meant for Divisions were not remitted contrary to the law

Failure to remit revenues due to division’s impacts negatively on their budget and service delivery

The Committee should task the Accounting Officer to transfer funds due to the divisions and comply with the regulations

19.6 Poor Management of Escrow Account (Improper Cash Book Keeping)

The Water Escrow account Cash book was not properly maintained and was balanced in pencil contrary to Local Government Financial and Accounting Manual 2007 paragraph 6.4.2.4 Details of collections and bankings were not entered as and when they occur, only total values of transactions were recorded

Inadequate supervision by the head of finance was evident Management indicated in its response that, the practice had ceased effective October 2011, and the accountant had been assigned to oversee bookkeeping in the water sector

The Committee should task management to step up supervision of books of account in the water sector and comply with Regulations

19.7 Irregular Banking of Water Collections

Analysis of the cashbook transactions indicated that the Municipal council was holding more than 20 million of cash at hand during the month contrary to regulations

Handling of huge amounts of cash may lead to misuse Management explained that they had advised the water management contractor and funds were subsequently banked
The Committee should advise management to ensure collections are banked intact as required

19.8 Electricity Debts

The progress report for the period April to July 2011, prepared by the Operator indicated that electricity bill of UGX 7.8 million as at July 30 2011 were outstanding despite being paid management fees of (95%)

The Committee should ensure management agrees with the operator and pay electricity bills directly from management fees in order to avoid power disconnections

19.9 Budget Management

Municipal Council had budgeted for UGX 225,633,525 but received UGX 404,669,486 in excess of budgeted amount from central government. The excess receipt of UGX 187,516,961 had no supplementary budget contrary to Local Government Financial and Accounting Regulations 25

UGX 841,562,600 was committed to 12 projects in the health sector, education, water and works sectors. By the end of the year only 4 of the planned activities worth UGX 40,847,000 were complete, the rest of the 8 activities worth UGX 440,715,600 were either work in progress or incomplete, due to various reasons including limited capacity of contractors, funds to release etc.

The Committee should task the management to ensure implementation of activities in the subsequent year in a timely manner.
I – SOROTI AUDIT REGION

1 ABIM DISTRICT

1.1 Internal Audit Department
It was noted that the district budgeted an amount of UGX150,907,825 for internal audit related activities but only a total of UGX 4,033,000 was released to the department resulting into UGX 146,874,825 (95%) underfunding. There is a possibility of the department not achieving its mandatory activities. Management should justify the underfunding.

The committee should,

- Find out who provided the 5% UGX 4,033,000 that was released
- Find out the sources of revenue were in place
- The schedule of the budget indicating revenue allocations and the Ministry Of Finance, Planning and Economic Development allocations

1.2 Branding of Projects

The audit noted that the District constructed 10 boreholes at a cost of UGX149,920,000 during the year. However, during the inspection it was difficult to verify the boreholes because they were not branded. This was so because branding of boreholes was not included in the BOQ at the time. This may result into a risk theft of the boreholes and loss of government funds.

The committee should,

- Confirm if branding of boreholes was included in the subsequent costing and budgets
- Confirm whether the boreholes are branded

1.3 Over Commitment of PRDP Funds
The Auditor noted that the total PRDP road works contract sum of UGX443,861,000 exceeded the PRDP road grants of UGX282,871,000 received by the District. This was caused by rolling of projects from previous financial year to the financial year under
review. This act will affect the completion of the planned projects for the financial year in review as well as the overall development of the district.

The committee should,
Find out whether the money was finally released to them.
Find out whether the projects were finally completed.

1.4 Contract Management

It was noted that the district contracted M/s Leopard Construction Ltd to construct a bungalow worth UGX 224, 502,000 for the Education Department. The following anomalies were noted in the management of this contract:

- There has been un-authorized alteration in the works without council and PDU approval of the changes. The relevant documents were not presented for verification because the variation and difference in amounts could not be established.
- A total of UGX34, 246,000 of civil works related to education sector was wrongly included as value added tax which is contrary to Section 19 second schedule 1 (aa) of the Value Added Tax Act Cap 349. This may lead to variation in contract amounts which if positive would lead to over commitment of government funds. This may also result to wasteful expenditure of government funds.

The committee should,

- Find out if there was any change in the contract worth due the unauthorized alteration.
- Find out where was UGX34, 246,000 supposed to be included.

1.5 Release of Local Economic Development Funds to Non Existing Associations

It was observed that a total of UGX 61,700,000 for the implementation of the Local Economic Development (LED) project under Ministry of Works was paid to two ineligible local associations as shown in the table below.
Table 63. ALLOCATION OF NON EXISTING ASSOCIATIONS

<table>
<thead>
<tr>
<th>Date</th>
<th>Vr. No</th>
<th>Details</th>
<th>Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-Aug-13</td>
<td>5/8</td>
<td>Abim District Young Farmers Union</td>
<td>29,700,000</td>
</tr>
<tr>
<td>02-Aug-13</td>
<td>2/8</td>
<td>Abim District Farmers Association</td>
<td>32,000,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>61,700,000</td>
</tr>
</tbody>
</table>

This was caused by failure of management to carry out due diligence before release of the funds.

This denies the eligible local associations a chance to get funding as well as failure of the Local Economic Development (LED) project.

The committee should establish the criteria that was used in the selection of the associations to participate in the Local Economic Development (LED) project.

The committee should find out if the funds were recovered from these associations.

1.6 World Health Organisation (WHO) workshops

The Audit noted an amount of UGX 128,377,000 was paid to various staff to conduct World Health Organization workshops.

However, the same participants and trainers attended more than one workshop at the same time making the accountabilities doubtful.

This indicates forged accountabilities that leads to corruption.

The committee should,

- Find out if further investigations were made and what the results were
- Be availed with the schedule of staff and details of the workshops

1.7 Service Delivery

Rehabilitation of Bore Holes

It was not that the district awarded a local firm a contract to rehabilitate 26 Bore
Holes at different locations in the district at a cost of UGX 71,335,000. By the time of audit in November 2014, UGX 64,201,500 (90%) had been paid to the contractor. However, the following shortcomings were identified:

The BOQ and measurements sheets were not availed to audit. The Bore Hole at Opupongo which was repaired in February 2014 had already developed cracks barely 6 months after repair.

The district paid UGX 1,000,000 for a hand pump at Pupukamiya borehole which was never delivered.

This was as a result of poor contract management and inadequate supervision by the contract manager.

This may result to shoddy works and wastage of government funds. The committee should,

- Look into the schedule of those locations and corresponding amounts
- Investigate whether all the boreholes were worked on

**18 Force Account Irregularities**

**Unsupported Hire of Equipment**

The Auditor noted that the district paid for road equipment at a cost of UGX 75,656,064 without any scope of work to be done making it difficult to verify the work done. Payment details are as per the table below.

Table 64. PAYMENT DETAILS FOR EQUIPMENT HIRE

<table>
<thead>
<tr>
<th>Name of Road</th>
<th>Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akerek Katabok Lotukei 30Kms</td>
<td>22,994,240</td>
</tr>
<tr>
<td>Katala Road 5Kms</td>
<td>28,538,240</td>
</tr>
<tr>
<td>Opopongo Road 4Kms</td>
<td>24,123,584</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75,656,064</strong></td>
</tr>
</tbody>
</table>


This implies that funds were used for equipment that was used for unknown works. The committee should investigate who and how these transactions were conducted and show how such circumstances will be avoided in the future. Find out the current status of the roads.

1.9 Materials not recorded in the Stores Ledger

The auditor General noted that road materials worth UGX 49,583,100 were not recorded in stores ledgers making it difficult to confirm receipts, issues and balances of the stores.

### Table 65: PURCHASE OF ROAD MATERIALS

<table>
<thead>
<tr>
<th>Vr No</th>
<th>Payee</th>
<th>Particulars</th>
<th>Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>22/10/13</td>
<td>Rujina and Sons</td>
<td>Supply of Culverts</td>
<td>7,000,000</td>
</tr>
<tr>
<td>33/6/14</td>
<td>PACO PACo</td>
<td>Supply Road</td>
<td>15,395,100</td>
</tr>
<tr>
<td>2/6/14</td>
<td>PACO PACo</td>
<td>Supply of Culverts</td>
<td>18,360,000</td>
</tr>
<tr>
<td>9/6/14</td>
<td>Okello Vicent Labii</td>
<td>Purchase of Murrum</td>
<td>8,828,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>49,583,100</td>
</tr>
</tbody>
</table>

This was caused by poor store management and supervision as well as materials always directly delivered on site. This implies that there is a possibility of government loss through theft of the materials. The committee should verify if management availed in detail the supporting documents of all these purchases and deliveries.

1.10 Existence of a Rare Disease (Kalazer)
Interaction with the District health officer revealed the existence of a rare disease known as "Visceralisishmaniasis" popularly known as "Kalazer" in humans and animals transmitted by a female sun-fly affecting the Pokot community in Amudat. This disease affects the immune system and the symptoms include prolonged fever, wasting, enlargement of the spleen and anemia. The community here is ignorant of the disease and sometimes attributes it to witch-craft. On average 80 to 100 patients are diagnosed with the disease annually.

The cost of treatment this disease is USD 400 per patient (approximately Ug UGX920,000 "at $2300) The program to treat victims of this disease is run by an Amudat NGO hospital that partially serves as a district hospital as there is no other Government health centre IV to serve that purpose. The people identified as suffering from this disease need total rehabilitation as they have to be kept in the facility, fed and looked after till complete recovery before being discharged. This disease if not treated quickly has 100% chances of killing the patient after two years and yet there are no registered drugs in the country.

It was also noted that there is no provision in the budget for this anomaly, leaving the community vulnerable and only at the rescue of the donors. Management should liaise with the Ministry of Health with a view of finding a solution to this problem.

The committee should
• Find out if finances for this health issue have been allocated in the budget as well as an update on the status of the disease in the area
• Investigate if there was any research done about the disease
• Probe the current prevalence of the disease

1.11 Back to School Campaign

It was noted through interaction with the DEO, CDO and the administration of "Kaias Boy and Girls P/S" during inspection, that the above program which is funded under a
grant from UNICEF has yielded 98 children (72 girls and 26 boys) who run away from their parents and returned to school for fear of early marriages, Genital mutilation and being reduced to herding animals for boys which had been a common phenomenon here. However the following challenges where noted,

- These children are expected to stay at school even during holidays for fear of falling into the hands of their parents again and who may refuse them from going back to school and may send them to their relatives in the neighboring country- Kenya

- There was no adequate accommodation facilities, and therefore, the children are housed in one of the classroom and sleep on the floor. scholastic materials, security and food (food provided to the kids was boiled maize mixed beans which was not even enough) are inadequate

Only NGOs like world food, GIS, TPO are supporting these children

The noted anomalies may force these children to go back home hence failing the objective of the program

The accounting officer should explain why the cause of this anomaly was not stated

The committee should,

- Find out which ministries did management liaise with to ensure sustainability of the project in Pokot community

- Explore the conditional status of the program in terms of facilities and children

112 Budget Performance

During verification of the final accounts for the FY 211/12, 2012/13, it was noted that several key sectors were under funded as shown in the table below.

Management explained that the underfunding was caused by budget cuts

The committee should find out whether consultations with the Ministry of Finance, Planning and Economic Development so that expected amounts to budget are realistically
2 AMUDAT DISTRICT

2.1 Public Works

a) Periodic Road Maintenance

It was noted that the district contracted a local firm to carry out periodic road maintenance using PRDP funds of Ulingereza - Achorchor road at a cost of UGX 159,555,000 with completion date of 18/4/2012. UGX 134,759,000 had been paid by the time of audit in July 2013. Audit inspection revealed that some sections of the road were poorly done, drainage had not been done and culverts not installed yet billed. Murram had also been dumped in the middle of the road and abandoned.

This was attributed to budget cuts and the heavy rains that affect transportation of heavy equipment hence affecting service delivery. This frustrates the transportation sector.

The committee should,

- Confirm if the project was completed
- Investigate why construction was done poorly

<table>
<thead>
<tr>
<th>NO.</th>
<th>DISTRICT</th>
<th>FINANCIAL YEAR</th>
<th>BUDGETED FUNDS (SHS)</th>
<th>RELEASED FUNDS (SHS)</th>
<th>RECEIVED FUNDS (SHS)</th>
<th>SHORTFALL (SHS)</th>
<th>DISCREPANCY (SHS)</th>
<th>INCOMPLETED ACTIVITIES (SHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AMUDAT</td>
<td>2011/12</td>
<td>3,441,096,500</td>
<td>2,377,644,559</td>
<td>1,033,451,941</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>AMUDAT</td>
<td>2012/13</td>
<td>2,881,078,158</td>
<td>2,410,572,685</td>
<td>470,505,473</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Ascertain the qualifications and work experience of the contractors

b) Branding of boreholes
The auditor noted that the district contracted Sumadhura technologies to drill 20 boreholes at a cost UGX 285, 235,000. However, none of the boreholes drilled were branded. Thus, unable to satisfy that the payment made related to works done. In addition, the contractor failed to complete the works to date. No performance security was provided by the contractor.

Failure to brand the boreholes may result into theft.

The committee should:

- Find out whether the branding of the boreholes was catered for in the budget
- Find out if Management addressed the matter of branding all its boreholes and ensured that all contractors provide performance securities

### 2.2 Lack of Pre and Post Assessment

However, the district paid UGX 17,338,344 for repairs of motor vehicles with no job cards, assessment reports, and inspection reports before and after repairs, rendering the expenditure doubtful. Details are as shown below.

<table>
<thead>
<tr>
<th>V.no</th>
<th>Department</th>
<th>Payee</th>
<th>Details</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>85/5</td>
<td>NAADS</td>
<td>Autotune</td>
<td>M/V repairs UAJ 872X11,818,831</td>
<td></td>
</tr>
<tr>
<td>5/4</td>
<td>Statutory</td>
<td>Jamboz engineering repair of motor</td>
<td>5,519,513</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>17,338,344</td>
</tr>
</tbody>
</table>

This was due to management failure to comply with the Local Government Financial and Accountability Regulations.

There is a possibility of fraud/loss of government funds through forged expenses.

The committee should find out if management prepared pre and post inspection reports are before payments are affected.

### 2.3 Lack of Substantive Head of Procurement Department Unit
The procurement and disposal unit shall be headed by a procurement officer appointed on full time basis who shall be the secretary of the Contracts Committee. However, the district did not appoint a qualified substantive head of department. Besides, all the procurement files are poorly stored. This may result to failure of the unit to achieve its mandatory objectives. The committee should,

- Justify this anomaly
- Find out if management appointed a substantive Head of Department and strategies put in place to increase funding of the procurement department and proper storage of procurement files.

2.4 The District Land Board

It was noted that the district Land Board took long to process numerous land applications that it received. On average, the applications were discussed after 3 months after they were received. There was no system for receiving or recording the land applications.

This was caused by the funding for Land Board meetings which was received quarterly was only enough for one board meeting, and therefore not sufficient to sustain more meetings.

The committee should find out if management increased funding to the District land board activities in order to enhance service delivery.

2.5 Internal Audit Function

It was noted that internal audit report for the 4th quarter was not presented to the District. Besides, the 1st, 2nd and 3rd quarter reports that had been presented for audit verification had not been discussed by the District and District Public Accounts Committee as required.

Management should justify this anomaly. Management stated that implementation of internal audit recommendations were
underway and ongoing
The committee should find out whether the District Public Accounts Committee takes action on internal audit reports

2.6 Undelivered Fish Fry
During the audit, it was noted that Assistant Fisheries Officer was advanced UGX6,000,000 vide cheque No. Vr. 05/April 2001 to purchase 12,700 fish fry to benefit farmers of Amuna District Local Government under force on account conditions. The purported transaction lacked Purchase Orders and supporting documents like delivery notes, goods received notes, stock ledger/bin card records and stock issue. I could not therefore, confirm that the fish fry were purchased and distributed to the beneficiary farmers. Management explained that it had written to the officer to refund the amount.

The committee should investigate whether the monies were recovered.

2.7 Commitment Control System
The Auditor noted that the District did not comply with the requirement during the year under review. No explanation was provided by management for the failure to comply. Management should explain why they failed to comply.

The committee should find out whether management uses commitment requisitions and commitment control system to avoid committing the District beyond the available funds.

2.8 Financial Statements
A review of the final accounts revealed that the figures in the final accounts did not agree with the general ledger balances. There is a discrepancy of UGX 3,965,125,707. This could be due to intended errors. There is possibility of mischarge expenditure.

The committee should justify the discrepancy. Therefore I was unable to confirm the accuracy of the expenditure balances reported in the financial statements.
The committee should find out whether correct postings are made in financial statements accordingly

3 BUKEDEA DISTRICT

3.1 Evaluation of Internal Audit
It was observed that Bukedea District had budgeted for UGX37,056,000 and only UGX16,504,000 was allocated to the Internal Audit department, causing a shortfall of UGX20,552,000.
Management explained that audit activities are dependent on local revenues collections. The inadequate funding has stifled the activities of the internal audit unit.
The committee should find out whether adequate funds the internal audit department was dealt with.

3.2 Projects Implementation
It was observed that projects worth UGX2,253,259,671 which were the projects planned and executed during the financial year 2011/2012. Refer to Appendix VI. The projects were supposed to be completed during the financial year under review. However, by 30th June 2012, the projects had not been completed. Management explained that there were budget cuts which affected projects which were 100% Government funded, in addition to service providers whose capacity is low. Failure by management to complete the projects delays service delivery to the community.
The committee should find out whether the matters were handled.

3.3 Idle Incubator
Audit noted that two chick incubators which had been received by the NAADS Department in 2011 to help farmers in the district were in the stores unutilized. There is a risk that the assets may deteriorate and become obsolete if not put to use.
The committee should find out who were the intended beneficiaries.
The committee should also find out whether the machine is in use as of now

3.4 Revenue

a) Budget shortfall

However, only a sum of UGX 12,603,022,342 was released in respect of government grants to finance the district’s budget of UGX 16, 343,909,000 resulting into a shortfall of UGX 3,740,886,658

This adversely affected service delivery

The committee should find out whether the Accounting Officer liaised with the relevant ministries for improved funding and what steps are being taken as of now

b) Absence of Revenue Register

It was, however, noted that the district did not keep a revenue register making it difficult to ascertain the amount of revenue due, collected and in arrears

Lack of a revenue register may result in understatement of revenue by the revenue collectors hence affecting total revenue realized from local collections

The Accounting Officer admitted the anomaly and explained that a finance officer has been recruited and now the register is being updated accordingly

Management was advised to ensure that revenue registers are maintained in accordance with the financial regulations

The committee should explore whether adequate information and communication technology policies were established

3.5 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was also noted that there was discrepancy of actual grants received by the local government from the Ministry of Finance, Planning and Economic Development
The District financial statements showed an amount of UGX6,698,644,048 whereas Ministry of Finance, Planning and Economic Development shows a total of UGX9,271,396,545 as having been released to the district leading to unexplained difference of UGX2,572,752,497

The committee should find out the status of the investigation

3.6 Hire of Equipment

It was noted UGX 27,448,000 was spent on hiring Tipper Lorries whereas yet the district owns a tipper lorry LG0002-016

This was attributed to the fact that one lorry to ferry gravel was not cost effective and would lead to underutilization of the hired excavator

The committee should find out how they arrived to this figure of UGX 27,448,000

3.7 Branding of Projects

Best practice, require construction projects to be branded with the details of the project name, funding source, contractor, and start and completion dates

Audit inspections revealed that completed projects worth UGX 38,721,969 were not branded as detailed below -

Table 67. DETAILS OF UN BRANDED PROJECTS

<table>
<thead>
<tr>
<th>Project number</th>
<th>Project name</th>
<th>Contractor</th>
<th>Amount(UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUKE578/Wrks/13-14/00023</td>
<td>Construction of 5 stance pit latrine Kowo-Kidongole p/s</td>
<td>Super Ark Technical Services</td>
<td>14,586,000</td>
</tr>
<tr>
<td>BUKE578/Wrks/13-14/00022</td>
<td>Construction of 5 stance pit latrine at Koutulai p/s</td>
<td>Taraso Constructors Ltd</td>
<td>14,891,899</td>
</tr>
<tr>
<td>BUKE578/Wrks/13-14/00009</td>
<td>Construction of 2 stance pit latrine at Kachumbala HCIII</td>
<td>Akior General Merchandise</td>
<td>9,244,070</td>
</tr>
</tbody>
</table>
There is risk of duplication of payment for the same projects. The Accounting Officer explained that branding was done on metallic plates which were allegedly vandalized by unknown persons. The committee should find out the measures management took after the metallic plates were vandalized. Management should provide evidence to the committee whether all the projects were branded before being vandalized.

3.8 Custody of stores and the other assets

It was noted that the district does not have designated stores premises as well as substantively appointed store keeper to manage the stores. Consequently, all supplies were not recorded in the stores ledgers and it was therefore difficult to verify receipts, issues and balances of stores items. This was attributed to the ban on recruitment and lack of adequate store. There is a possibility of theft of stores.

The committees should find out the status of a store and a store keeper.

4 KABERAMAIDO DISTRICT

4.1 Internal Audit Department

It was noted that there was no internal unit. Management explained that they had written to the Ministry of Public Service to permit the district recruit critical staff and a response is waited. The committee should, find out whether the issues were followed up with the District Service Commission (Status).
4.2 Hydro Form Machine

A hydro form machine was donated to the District by the Office of the Prime Minister in 2007 with the intention of training local community for making building blocks and cut costs of construction. By the time of auditing in August 2012, the hydro form machine is not utilized and has been vandalized.

Management explained that the district has used the hydro form machine for a demonstration building for a teacher’s house in Ongoromo Primary School in March 2010.

There is a possibility continued high expenditure.

The committee should find out whether the machine is in use.

4.3 Labour Based Rehabilitation of Otuboi- Bata Road (2012/13)

The district signed a contract with a local firm for labour based rehabilitation of Otuboi-Bata Road (19.5Kms) at a cost of UGX 437,617,430 for a period of six months. By the time of audit in September 2013, UGX 188,406,341 had been paid. The physical inspection of the road revealed the following:

- Most culverts were installed but the soil on top was not compacted and the side head walls were not constructed.
- Ordinary soil other than marram was used to backfill some culverts.
- Shoddy work was noted in swampy areas with the road already eaten away by water.

The Accounting Officer explained that the soils put on the culverts were backfill materials which are used initially before application of the Murrum and before construction of headwalls.

There is a possibility of shoddy works of the project.

The committee should find out whether proper supervision mechanisms have put in place.
4.4 Multiple Awards to Same Contractors

It was noted that the district was irregularly awarding specific contractors multiple contracts at the expense of others who were better qualified. Most of the contractors who got more than 1 contract failed to complete them in time and progress of works was so slow due to the fact that they did not have the capacity to handle multiple contractors at the same time. Consequently, the inefficiencies of the inexperienced contractors has delayed service delivery and in a number of instances, shoddy work has been done.

This may lead to number of inefficiencies that may result to shoddy works. The committee should find out whether procedures recommended in the PPDA guidelines are followed.

The committee should also find out whether the contracts committee was confirmed.

4.5 Tendered Out Revenue Procurement Files Missing

It was noted that the district failed to provide procurement documents for contracts worth UGX169,548,000 related to tendered out revenue sources. In the absence of these files, it was not possible to confirm fairness in the award of the stated tenders for revenue sources. As a result, revenue may be under collected thereby delaying service delivery.

The committee should find out whether the procurement file was availed for audit.

4.5. Government Releases

The Auditor noted that UGX15,256,365,572 was budgeted for but only UGX13,051,810,376 was released by Central Government, leading to a shortfall of UGX2,204,555,196. The shortfall was a result of reduction in Government releases and consequently.
This exposes the risk of non-completion of the planned activities
The committee should,
Find out what planned activities were not implemented
Find out what strategies are in place to ensure improved funding from the relevant authorities

4.6 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was also noted that there was a discrepancy of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the local government. The District financial statements revealed that out of the revised approved budget of UGX13, 051,810,376 was received by the local government, while the information on releases from MoFPED showed total releases of UGX10, 722,583,729

This implies wrong statement of the final book of accounts
Management should justify this anomaly

The committee should find out,
- How much money had been budgeted,
- Where the UGX 2,329,226,647 was obtained from,
- And what was the actual release to the budget

4.7 Financial Statements

Supporting Schedules

Contrary to section 7.5.1 of the LGFAM 2007, the entity failed to include some of the mandatory schedules in final accounts such Statement of outstanding commitment, Statement of arrears of revenue, Statement of losses of public assets, Statement of reported losses of public assets, Statement of stores and other assets acquired during the year. Accordingly, there was lack of full disclosure in the financial
There is a possibility of failure to know entity's stands in terms of commitment, revenue arrears.

The committee should,

- Find out why management failed to include the mandatory schedules in the financial statements.
- Find out whether management has disclosed of all accounting information in the financial statements.

### 4.8 Public Works

#### Construction of 15 Boreholes

The district contracted M/s Icon properties to construct and drill 15 deep bore holes in various locations of the district at a cost of UGX 222,112,000. An amount of UGX 15,000,000 had been quoted in Bill of Quantities for branding the bore holes. But the 15 boreholes were not branded for ease of identification.

Failure to brand the boreholes exposes them to theft and difficulty in identification.

The committee should,

- Investigate the accountability of the UGX 15,000,000 that was allocated for branding the boreholes.
- Find out whether all the boreholes are branded and functional.

#### 4.9 Force on account Expenditure

The Auditor noted that the district spent UGX 119,498,576 on construction of Swagere and Amileny Roads. However, inspection revealed that water was flowing across the road in a swampy area where a culvert was supposed to have been constructed.

There is a risk that the road may become submerged rendering the whole section of the road inaccessible.

On Swagere road, it was noted that installed culverts were submerged in water which
had started damaging the road

The Accounting Officer explained that by the time of audit inspection, culvert installation work was still ongoing
This implies poor or no supervision was carried out on the project thus resulting to shoddy works

The committee should,
- Find out the measures that have been put in place to ensure good quality work and value for monies spent
- Find out the current status of the roads

4.10 Transfers to Non-Governmental Hospitals

The District transferred UGX 219,442,000 to various non-governmental hospitals as a grant to help subsidize medical facilitation and ensure that there is better health service delivery. However, the following shortcomings were noted:
- There was no memorandum of understanding to specify the utilization and management of the grants
- The District did not carry out quarter two, three and four performance and service delivery reviews for the money that was transferred
- UGX 1,140,000 in respect of purchase of drugs from Joint Medical store for Kaberamado catholic Dispensary remained unaccounted for
- Transfers totalling to UGX 12,000,000 to Otuboi and Bululu COU HC II remained unaccounted for

This was caused by lack of memoranda of understanding between the District and the hospitals for the utilization and management of the grant

Failure to effectively manage this grant materially affects service delivery

The committee should,
Find out in detail how UGX 1,140,000 and UGX 12,000,000 was utilized
Find out whether the health management boards are in place
Find out the current status of the memorandum of understanding (provide evidence)

3.5 KABOONG DISTRICT

5.1 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was also noted that there was discrepancy of actual grants received by the local government from the Ministry of Finance, Planning and Economic Development. The district financial statements showed an amount of UGX12,830,951,923 whereas the Ministry of Finance, Planning and Economic Development shows a total of UGX11,799,983,965 as having been released to the district leading to unexplained difference of UGX1,030,967,958.

Management should justify the anomaly.

This implies wrong statement of final book of accounts.

The committee should investigate whether the auditor’s recommendation was put into action.

The committee should find out where the UGX1,030,967,958 came from.

5.2 Kathile-Narengapak Road

UGX26, 422,049 was paid for rehabilitation of Kathile-Narengpak Road 1, 7 Km which was the full amount for this job. However, on inspection, 5 culverts were found on the side of the road and not installed. Murram had been poured in heaps in the middle of the road forcing road users to create drive on side tracks.

There was a possibility of poor supervision of the project.

There may be a possibility of incapacity of the contractor which when given the shoddy works are done. This also frustrates the transport sector.

The committee should,

- Find out the current status of the road,
- And the supervision mechanisms that are being used.
5.3 Louis Drift Construction

It was noted that a strong reinforced drift [Lorus drift] was contracted out in Kathile at a cost of UGX170, 000,000 with the expected completion date of 30/6/12. A sum of UGX149, 816,500 had been paid yet by the time of this report the project had not been completed.

The cause of the anomaly was due to the budget cuts.

This provides a risk of loss of government funds.

The committee should explore what steps they took due to the budget cuts.

The committee should find out the current status of the drift.

5.4 Education-Kopoth Primary School

Inspection of Kopoth Primary school in Sdok Sub County revealed that books were in short supply with 1 book shared among 8 pupils against the recommended ratio of LGMSD of 1:3. The school has poor attendance by girls, the majority of whom drop out by P 7 as seen in table below.

<table>
<thead>
<tr>
<th>CLASS</th>
<th>BOYS</th>
<th>GIRLS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>P 1</td>
<td>67</td>
<td>36</td>
<td>103</td>
</tr>
<tr>
<td>P 2</td>
<td>50</td>
<td>21</td>
<td>71</td>
</tr>
<tr>
<td>P 3</td>
<td>41</td>
<td>14</td>
<td>55</td>
</tr>
<tr>
<td>P 4</td>
<td>30</td>
<td>08</td>
<td>38</td>
</tr>
<tr>
<td>P 5</td>
<td>36</td>
<td>10</td>
<td>46</td>
</tr>
<tr>
<td>P 6</td>
<td>20</td>
<td>04</td>
<td>24</td>
</tr>
<tr>
<td>P 7</td>
<td>08</td>
<td>00</td>
<td>08</td>
</tr>
</tbody>
</table>

Management should explain the cause of the high dropouts.

This implies a high level of illiteracy in the country.

The committee should find out if the management liaised with ministry of education and sports and what measures have been taken to increase the pupil attendance.
5.5 Commissioning of Boreholes

It was noted that UGX5,770,000 was paid on 29/06/2012 for commissioning of boreholes. However, there was no evidence that the activity took place. Besides, the location of the boreholes is unknown. There is a risk that the funds were not used for the intended purpose. Management should justify this anomaly.

The committee should find out where the boreholes were commissioned. The committee should also find out whether the boreholes are serving their intended purpose.

5.6 UPE Programs

PLE Results

Analysis of the PLE results for the year 2011 showed that examination performance is still below Ministry of Education and Sports standards as shown in the table below.

<table>
<thead>
<tr>
<th>DIV</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>26</td>
<td>0</td>
<td>26</td>
<td>2.9</td>
</tr>
<tr>
<td>2</td>
<td>288</td>
<td>55</td>
<td>343</td>
<td>38.4</td>
</tr>
<tr>
<td>3</td>
<td>140</td>
<td>71</td>
<td>211</td>
<td>23.6</td>
</tr>
<tr>
<td>4</td>
<td>110</td>
<td>65</td>
<td>175</td>
<td>19.6</td>
</tr>
<tr>
<td>U</td>
<td>67</td>
<td>71</td>
<td>138</td>
<td>15.5</td>
</tr>
<tr>
<td>X</td>
<td>27</td>
<td>18</td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>658</td>
<td>280</td>
<td>938</td>
<td>100</td>
</tr>
</tbody>
</table>

The above performance could be due to poor class attendance. This may result into school dropouts. The committee should,
Investigate the strategies that have been put in place to improve on the performance of the pupils.

Know the current status of the enrollment and the performance.

5.7 Procurement

a) Lack of Contracts Register

The auditor noted the contracts register was not maintained.

In the absence of up-to-date contracts register, the supervision and monitoring contracts became difficult.

Lack of a contract register may result in over payments of contracts and hence may result into shoddy works when allocated to incapable contractors.

The committee should find out whether a contracts register was established.

5.8 Rehabilitation of Lolelia-Lowakuj-Karenga Road (44 1km)

Force on account funds totaling to UGX 112, 674,350 were used to rehabilitate the Lolelia-Lowakuj-Karenga road. However, materials worth UGX 28, 862,350 were directly delivered on the site and not recorded in the store ledgers making it difficult to confirm the deliveries. It was also observed that the same road had been worked on between 15/1/2012 and 10/5/2012 at a cost of UGX 497, 489,000 by another construction firm. Meanwhile, audit inspections carried out during August 2013 noted that some of the sections of the road were impassable.

This implies that government funds were being misused.

It also implies that there was poor or no supervision of the project.

The committee should,

- Find out how the management confirmed deliveries of materials worth UGX 28, 862,350
- Investigate why another firm was constructing the road
- Explore the supervision mechanisms the management has put in place
- Find out the current status of the road
5.9 Construction of Piped Water System in Kalapata s/c

The district contracted a local company to construct piped water at Kalapata trading center at a cost of UGX 126,500,000. Field inspections revealed that out of the five water points that were constructed, two points did not have water.

This could have been due to poor site of the water supply and lack of a permanent water supply to feed the system.

Absence of water affects the livelihood of the people.

Management had anticipated a potential supply of water but was never fully developed by the firm which was contracted for that work.

The committee should find out whether the matter was rectified and what the current status of the water system is.

5.10 Irregular award of construction of a market shade at Loyoro s/c

A firm was awarded a contract for construction of a market shade at Loyoro s/c at a contract sum of UGX 33,992,700. The contractors had been paid UGX 24,870,300 (73%) by the time of audit.

A review of the project documents and field inspections revealed the following:

- It was noted that a feasibility study and needs assessment were not carried out before the project was implemented.
- The market shade was poorly located far from the people who were supposed to use it.

This was attributed to poor supervision on part of management.

There is a risk that community may not benefit from the project.

The committee should find out whether a feasibility study was carried out before the
5.11 Stores Management

It was observed that the district did not have a store. Besides, the functions of the storekeeper were managed by the acting Senior Procurement Officer who carried out the procurements receiving stores as well as issuing stores leading to lack of segregation of duties. It was noted further that the stores ledger was not up-to-date lacking record of issues and receipts for the year under review. The Accounting Officer explained that the council did not have a substantive storekeeper because of the recruitment ban put by Ministry of Public Service.

Poor stores management exposes stores to abuse and lose.

The committee should find out whether a storekeeper has been recruited and the stores ledger is up to date.

5.12 Lack of Documented Risk Management Policies

It was observed that management has not established and documented the risk management policies as required by LGFAR, 2007 regulations 103 (1 & 4). Absence of established and documented risk management policies risks may occur without mitigation measures. Management should justify why they lacked a documented risk management policy.

The committee should,

- Find out what measures were in place to control risks in the internal control system
- Be up dated on the status of a Risk Management Policy

5.13 Hire of Road Equipment

A local firm was paid UGX 167,621,676 for hire of equipment however, it was observed that there was no activity schedule and the number of hours worked.
Management should explain this anomaly
This implies wastage of government resources
The committee should

- Find out the intended purpose for hiring the equipment
- Find out whether management is aware of the force of Account Guidelines

5.14 Purchase of Materials for Road Works

A local firm was paid UGX 86,074,342 for the supply of materials for road works
However, documentation review revealed the following shortcomings
There was no Bills of Quantities to guide on the procurement and usage of materials
The materials were directly procured from M/s Blankot enterprise contrary to Regulation 40(3) of LGPPDA governing direct procurements
No records were provided to show receipt, issues and the balances of the materials unutilized
Management should explain this irregularity
Direct procurement may result into a more complex and expensive process of acquiring items
The committee should,
Find out how the management attained value for money without records and bills

5.15 Payments to Road Gangs

A total of UGX 53,500,000 was paid to various casual labourers employed on various force account roads as shown in the table below

Table 70: DETAILS OF FORCE ACCOUNT ROADS

<table>
<thead>
<tr>
<th>Date</th>
<th>Vr.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>26/6/14</td>
<td>32,400,000</td>
<td></td>
</tr>
<tr>
<td>21/6/14</td>
<td>8,500,000</td>
<td></td>
</tr>
<tr>
<td>25/3/14</td>
<td>12,600,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

During inspections in June 2014, it was observed that the roads were not maintained by road gangs.

The signed daily work sheets and attendance sheets showing man hours worked to support the amount paid were also not presented for audit verification.

In absence of daily work sheets the district could have effected payments for no work done.

The committee should,

- Find out why the road gangs did not work
- Find out whether the Accounting Officer is complying with the force on account daily work guidelines

6 KATAKWI DISTRICT

6.1 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was noted that there was a discrepancy of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the Local Government.

The District's financial statements revealed that an amount of UGX12,721,313,833 was received by the local government, while the information on releases from MoFPED showed total releases of UGX10,205,046,332. Furthermore, no
documentary evidence was availed to confirm that the Local Government issued MoFPED with an acknowledgement receipt, as required. There is an unexplained difference of UGX 2,516,267,501.

Management should justify the anomaly.

This implies wrong statement of final book of accounts.

The committee should investigate whether the auditor’s recommendation was put into action.

The committee should find out where the UGX 2,516,267,501 came from.

6.2 Works Department

Rehabilitation of Ngaram-Palam Road

The district applied use of force on account to rehabilitate Ngaram Palam Road. By the time of audit in August 2013, a total of UGX 55,502,000 had been spent on fuel, purchase of culverts, hire of equipment and allowances.

The Audit inspection revealed the following:

- Only 2kms had been worked on out of the 14.7 km
- Some culverts that had been delivered were lying on the road sides
- No offshoots were dug and some sections of the road had flooded.

There is risk that the funds were not properly utilized.

This implies that government funds were being misused.

It also implies that there was poor or no supervision of the project.

The committee should:

- Explore the supervision mechanisms the management has put in place
- Find out the current status of the road.

6.3 Extension of Piped water system to Toroma Girls p/s

The district awarded a contract to a local contractor to design and construct a
piped water system from Omodoi sub county to Toroma Girls p/s at a cost of UGX 174,368,600. At the time of this audit in August 2013, UGX 165,649,600 (95% of the contract sum) had been paid to the contractor. During inspection it was observed that no water was flowing to reflect the amount paid

In the absence of water at the school, the intended objective was not achieved

Management should explain why water was not flowing to reflect the amount paid

The committee should find out whether arbitration between the parties was resolved

The committee should find out the water is current flowing

6.4 Other Departments

Evaluation of the Internal Audit Function

A review of the function of internal audit department revealed the following,

- The department was understaffed and out of the 7 approved posts only 3 were filled leaving 4 vacant positions
- Out of the budgeted UGX 66,133,000 only UGX 39,892,840 was released to the unit i.e. 60% of the total budget
- There was no training plan for internal auditors and hence no training was conducted during the year under review
- No evidence as to whether the DPAC regularly met and whether the DPAC reports were tabled before the council for discussion

These shortcomings impact negatively on the effectiveness of the internal audit unit

Management should justify the underfunding and the vacant positions in the department

The committee should,

- Find out what sources of revenue were in place
• Investigate what strategies have been put in place to ensure adequate finance of the department
• Find out the current staffing level of the department

6.5 Lack of Documented Risk Management Profile

The Auditor noted that management has not established a risk management policy. This implies that if anything were to happen all will be lost as no company is liable for compensating.

The committee should find out if policies were documented with guidance from the ministry of local Government.

The committee should find out whether a Risk Management Policy was established and documented in order to effectively strengthen the district internal control system.

7 KOTIDO DISTRICT

7.1 Outstanding Personal Advances

A review of the accounting records revealed that UGX45,190,212 advanced to various officials had remained outstanding for more than 1 year.

Management should explain why advances remained outstanding for so long.

Management explained that Personal advances have been managed through deductions from the Central Government through the pay roll. Pay Change Reports have been filled, submitted and deductions effected but the deduction are not remitted to the District by the Ministry of Finance, Planning and Economic Development and Ministry of Public Service to offset personal advances that appeared in the accounts as outstanding.

The committee should find out whether the money was recovered or provide evidence whether it was verified.

7.2 Primary Leaving Examination performance
An analytical review was carried on the performance of Universal Primary Education for the past three years and revealed that the performance of UPE is still below standard with the highest number of pupils passing in Divisions Two, Three, Four and U

Table 71: Primary Leaving Examination performance

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>percentage</th>
<th>2010</th>
<th>percentage</th>
<th>2011</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIV I</td>
<td>15</td>
<td>4</td>
<td>18</td>
<td>4</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td>DIV II</td>
<td>196</td>
<td>57</td>
<td>278</td>
<td>55</td>
<td>366</td>
<td>53</td>
</tr>
<tr>
<td>DIV III</td>
<td>72</td>
<td>21</td>
<td>128</td>
<td>25</td>
<td>121</td>
<td>18</td>
</tr>
<tr>
<td>DIV IV</td>
<td>28</td>
<td>8</td>
<td>48</td>
<td>10</td>
<td>82</td>
<td>12</td>
</tr>
<tr>
<td>DIV V</td>
<td>22</td>
<td>6</td>
<td>22</td>
<td>4</td>
<td>68</td>
<td>10</td>
</tr>
<tr>
<td>DIV X</td>
<td>8</td>
<td>2</td>
<td>11</td>
<td>2</td>
<td>24</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>341</td>
<td>100</td>
<td>505</td>
<td>100</td>
<td>687</td>
<td>100</td>
</tr>
</tbody>
</table>

Division one has on average remained low despite the improvement in Teacher – Pupils ratio. In addition, substantial resources have been used to achieve better performance but the trend analyzed above indicates minimal or constant performance.

Management attributed the above poor performance to poor class attendance of pupils compared to overall enrolment. Of the 17,520 pupils enrolled, average daily class attendance is estimated at 52%.

As a result of poor performance, pupils who obtained grades U and X are unable to proceed to the next level of Education which limits their future career choices.

This may result into school dropouts.

The committee should:

- Investigate the strategies that have been put in place to improve on the performance of the pupils
- Know the current status of the enrollment and the performance

7.3 Unexpended Balances

Section 6.6.5.3 of the LGFAM, 2007, provides for all unexpended balances out of the release from the consolidated fund (other than the un-conditioned grants and equalisation grants) irrespective of the availability of commitments to be returned to the
Consolidated Fund

7.4 Irregular Payments

It was noted that a total of UGX 49,309,245 was paid to various contractors for activities they did not implement. This was a loss of funds to the district. Accounting Officer explained that negotiations were going on with the contractors to ensure that the activities are carried out:

- The committee should find out the accountability UGX 49,309,245
- The committee should find out who was responsible for this anomaly
- The committee should find out in detail the contractors that received the monies and what they did
- The committee should find out whether the items were implemented or the money was recovered

7.5 Poor Stores Management

It was noted that the district did not have stores. This was due to lack of stores space and a substantive store keeper. The absence of stores creates risk of loss of stores. The committee should find out if a store was put in place plus recruitment of a store keeper.

7.6 Evaluation of the Internal Audit Function

A review of the function of internal audit unit, revealed under staffing by 3 staff out of the 5 position in the approved structure. The budget for the year was UGX72,812,000 out of which only UGX 43,862,900 was released to the unit. The inadequate resources stifle the activities of the unit. The committee should find out whether, the budget for the department was increased in the following financial year like management had promised. The internal audit department is adequately resourced to enable it meet its mandate.
7.7 Service Delivery

Completion of an OPD at Kotido HSD

In the 2011/2012 financial year, a local firm was awarded a contract for completion of an OPD at Kotido HSD at a contract sum of UGX 51,700,000. By the time of audit, in November 2014, UGX 46,530,000 had been paid to the contractor.

A physical inspection of the works revealed the following:

- The water taps in the OPD were not fixed and water was not running.
- The door to the dispensing room was not fixed.
- Reception and HSD office doors cannot lock.

This implies that there is a problem of water supply in the OPD and safety of the documents of the offices that cannot be locked is at risk.

The committee should,

- Find out if the contractor to have the defects rectified.
- Find out if the balance was paid to the contractor after full completion of the work.

7.8 Rehabilitation of Losilang – Nakapelimoru Road

A local firm was contracted to rehabilitate Losilang – Nakapelimoru Road under PRDP at a cost of UGX 161,652,700. At the time of audit in November 2014, the contractor had been paid UGX 133,500,600 (82%).

During the inspections it was observed that 2 drifts had collapsed, indicating shoddy works and poor supervision. The road may not serve the intended purpose.

The committee should find out,

- Whether the contractor to rectified the defects and took action.
- The condition the road is in and if it’s being used by the community.

7.9 Stores

It was observed that the district does not maintain store ledgers to record issues and
receipts of items and as result it was difficult to verify delivery of stores totaling to UGX 43,865,000. In the absence of stores ledger, council stores are exposed to risk of theft and abuse.

The committee should find out:

If the store keeper maintains the store ledger as management promised

Whether the stores records are properly maintained

8 KUMI DISTRICT

8.1 Non-Functional Water Pump

Inspection of the water project in Atutur Hospital that was commissioned in 1998 by the Ministry of Health is no longer functioning. A sum of UGX5,700,000 was paid to Soroti Regional Medical Equipment Workshop vide voucher no 15/3 for the repair of the pump which operated for one month after repair and blew up due to a short circuit. The district did not allocate any money to run the facility causing an acute shortage of water to the Atutur hospital.

The committee should find out whether:

- Soroti Regional Hospital Maintenance Workshop met half of the cost of repair of the water supply system as they were partly responsible for the failure of the system as they had agreed
- Atutur hospital also budgeted for the maintenance of the pump in the next financial year as they had promised to
- Management ascertained the process of restoring the pump to functionality to ensure that water supply is restored

8.2 Hospital Assets Not Engraved

During inspection of Atutur Hospital's assets, it was observed that all hospital assets like tables, chairs, filing cabinets, beds and medical equipment were not engraved. Failure to engrave assets makes it difficult to identify and locate hospital properties in case of loss, theft or vandalism.
The committee should confirm if management endeavored to engrave the assets as they promised they would.

8.3 Lack of Incinerator Ash Disposal Pits
The existing incinerator in Aturur Hospital Lacks ash disposal pits which are key for management of waste disposal in hospitals. This implies that dangerous medical waste and highly infectious material is not being disposed of effectively. Management explained that the existing Incinerator is in good working condition except for lack of disposal pits which affect full functionality of the incinerator.
The committee should ascertain whether,
- The ash pits were constructed for the incinerator to function properly
- There is a person in charge of monitoring the functionality of the incinerator

8.4 Internal Audit
It was observed that council had budgeted for internal audit at UGX44, 533,000 but only UGX34, 029,754 was released to the Internal Audit Department, leading to a shortfall of UGX10, 503,246. The internal control system is weakened in the circumstances.
The inadequate resources stifle the activities of the unit.
The committee should find out whether.
The budget for the department was increased in the following financial year like management had promised.
The internal audit department is adequately resourced to enable it meet its mandate.

8.4 Irregular Payment of Retention Fees
A total of UGX 12,043,323 retention fees was paid to different contractors before completion certificates and reports were presented to confirm completion of work as shown in the table below.

Table 72 Payment of Retention Fees
### Details | Payments (UGX)

<table>
<thead>
<tr>
<th>Date</th>
<th>Vr no</th>
<th>Contractor</th>
<th>Contract Price</th>
<th>Retention fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 04 2013</td>
<td>PVE-0060</td>
<td>Zion Logistics</td>
<td>42,128,400</td>
<td>3,666,040</td>
</tr>
<tr>
<td>29 6 2013</td>
<td>PVE-0050</td>
<td>Bansan Enterprises Ltd</td>
<td>52,000,000</td>
<td>4,631,250</td>
</tr>
<tr>
<td>23/05/2013</td>
<td>PVE-0018</td>
<td>Sol-Ste Construction Ltd</td>
<td>41,670,732</td>
<td>3,746,033</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>12,043,323</td>
</tr>
</tbody>
</table>

This could have been a result of poor contract management. Payment of retention before issuance of completion report by the supervising engineer and project manager exposes the district to a risk of a contractor failing to address defects.

The committee should investigate if management to paid retention fees to contractors after the defects liability period and upon issuance of a completion report/certificate.

### 8.5 Overpayment to a Local Firm

The District signed a contract with a local firm to construct staff houses at Oseera HC II at a contract price of UGX 44, 291.250. However, the firm was overpaid a total of UGX 13, 563,962 and UGX 9, 000,000 was recovered, leaving a balance of UGX 4, 563,962.
There is a risk of non-implementation of other planned activities

The committee should

Find out whether all the money was recovered

Find out what strategies have been put in place to control this anomaly

9 MOROTO DISTRICT

9.1 Wasteful Expenditure

The Auditor noted wasteful expenditure of UGX4,125,000 utilized for activities that were not beneficial to the District. This may expose government funds to a risk of loss. The committee should find out the cause of this irregularity.

The committee should find out whether planned activities were implemented.

9.2 Incomplete Projects

It was noted that projects undertaken by the council amounting to UGX1,94,381,462 were budgeted for and approved by council. However, by close of the financial year, these projects remained incomplete.

The Accounting officer explained that the causes were budget shortfalls across the board in the financial year and delays in the release of funds from Central Government.

| Certificate 1 | 12,630,375 |
| Certificate 2 | 8,697,582 |
| Certificate 3 | 14,719,518 |
| Certificate 4 | 21,807,737 |
| **Total paid** | **57,855,212** |
| **Less contract Price** | **44,291,250** |
| **Over Payment** | **13,563,962** |

Table 73: PAYMENT TO A LOCAL FIRM
Although as a district they had tried to complete them before the year end. Under the peace, Recovery Development plan (PRDP) under OPM, the district experienced a funding shortfall of over 300 million shillings.

There is a likelihood risk of non-implementation of other planned activities.

The committee should find out what strategies has the management put in place certify the availability of funds prior to the commencement of any procurement.

9.3 Inspections

Nakiloro Board Market

Nakiloro board market was constructed under PRDP valued at a cost of UGX12,547,000. The inspections revealed that the facility had developed cracks and most of the stalls were falling.

Shoddy works exposes the public to danger.

The committee should investigate the capability of the firm that was contracted to construct the market.

9.4 Evaluation of Internal Audit Department

It was observed that the district audit department has (one) staff (examiner of accounts) out six staff as per structure causing staffing gaps which affects the effectiveness of the department. Under-staffing of internal audit department may result into failure by the department to fulfill its mandatory duties. This may result to failure by the department to fulfill its mandatory duties.

Management explained that when Napak District was curved out of Moroto, there was an exodus of most staff from the old district to the new district.

These shortcomings impact negatively on the effectiveness of the internal audit unit.

Management should justify the vacant positions in the department.
9.5 Management of Stores

It was noted that items were bought posted in ledger, but issues of the items to the beneficiaries were not recorded. I was unable to establish whether stores items were used for the intended purpose.

The committee should
- Find out whether most of the items bought especially stationary are allocated stores and were managed at the respective departments.
- Find out whether stores records are properly maintained, updated and submitted for audit.

9.6 Reconciliation of Central Government Grants (treasury releases to Districts)

It was also noted that there was discrepancy of actual grants received by the Local Government from the (MoFPED). The District financial statements revealed an amount of UGX 5,710,615,543 whereas MoFPED indicated a total of UGX 5,349,301,353 as having been released to the district leading to unexplained difference of UGX 361,314,190.

This implies wrong statement of final book of accounts.

The committee should investigate whether the auditor’s recommendation was put into action.

The committee should find out where the UGX 361,314,190 was obtained from.

9.7 Lack of Revenue Assessments

It was noted that no revenue assessment was conducted during the financial year under review. Failure to conduct revenue assessment could have led to under collection of revenue of UGX 52,713,890 reflected in the financial statement.

Management should explain to the committee why the revenue assessment was not conducted.

The committee should find out how often the revenue assessment should be carried.
10 MOROTO MUNICIPALITY

10.1 Review of Internal Audit

It was noted that the Municipal Council audit department has one (1) staff (examiner of accounts) out of four (4) staff as per structure. There was under funding of the department with UGX23, 501,000 budgeted and actual expenditure of UGX19, 865,000 resulting in a shortfall of UGX3, 636,000. The internal control environment is weakened in the circumstances.

Management explained that the current Head of Finance was the former head of internal audit department, but she was transferred to the Finance Department as the Principal Treasurer hence creating a vacuum in the audit department. The committee should find out. Management stated that clearance to recruit staff was sought and a response was being awaited.

The inadequate resources stifle the activities of the unit.

The committee should find out whether,

- The budget for the department was increased in the following financial year like management had promised.
- The internal audit department is adequately resourced to enable it meet its mandate.

10.2 Internal Audit Funding 2012/13

It was observed that while management had budgeted to spend UGX 23, 249,000 on the internal audit department, only UGX 17, 262,000 (74%) was released to facilitate the department’s activities.

This allocation was inadequate and therefore, the department could not effectively carry out its mandate.
Management explained that the greatest portion of the funds for the internal audit department was planned under local revenue which had a shortfall.

The inadequate resources stifle the activities of the unit.

The committee should find out whether,

- The budget for the department was increased in the following financial year like management had promised
- The internal audit department is adequately resourced to enable it meet its mandate

10.3 P L.E Performance Indicators in the Education Sector

A review of a sample of primary schools in the municipality revealed that more than 50% of the pupils pass in the second and third grades, with the minority in first grade as shown below -

**Table 74. PLE Performance 2011**

<table>
<thead>
<tr>
<th>Schools</th>
<th>D I</th>
<th>D II</th>
<th>D III</th>
<th>D IV</th>
<th>D X</th>
<th>D U</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Moroto</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Municipal</td>
<td></td>
<td></td>
<td>26</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2 Kakoliye Muslim P/S</td>
<td>0</td>
<td>14</td>
<td>12</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>3 Child Jesus P/S</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Primary school performance was poor, which may have affected the progression of pupils to the next level of education.

Management explained that the Poor performance in the P L.E was due to factors which were beyond the council’s control including Teachers’ industrial action (strike) that was experienced country wide, and which made teachers to stop from teaching for some time, hence contributing to poor performance of pupils. In addition, World Food Programme (WFP) withdrew from supplying food to the Council primary
schools, which resulted in low attendance of children

The committee should,

- investigate the strategies that have been put in place to improve on the performance of the pupils
- know the current status of the performance

10.4 Government Releases

In this respect, UGX2, 563,477,000 was budgeted for but only UGX2, 108,604,790 was released by the Central Government, leading to a shortfall of UGX444, 872,210. The shortfall was a result of budget cuts by the Central Government and consequently, Shortfall in government release may result to failure to completely fulfill the planned activities

The committee should find what measures management took despite the shortfall in government release

The committee should find out what planned activities were not implemented

The committee should also find out what strategies have management put in place to ensure proper funding

10.5 Poor Management of Construction Materials under Force on Account

Audit inspection revealed that some construction materials such as culverts and bricks were purchased and abandoned on the sides of different roads like Nakapelimen link, Roped and Aklya road unattended to.

Non-utilisation of construction materials is a waste of funds and impacts negatively on service delivery

Management should explain to the committee why the construction materials were abandoned

The committee should find out whether the materials were used or not
10.6 Construction of the drainage channel along Singila Rd

Mr's Riwoke construction Company was awarded a contract for the construction of the drainage channel along Singila road in financial year 2011/12 at a contract sum of UGX52, 821,615. The contracts started on start 19/10/11 and was supposed to end on 19/03/12. However, it was rolled over and all the monies was paid to the contractor. During audit inspection, it was observed that the drainage was poorly done and it had already broken down.

The Accounting Officer acknowledged poor work done on the drainage but blamed its poor state to heavy trucks that ferry marble and promised to rectify the broken spots. Shoddy works impacts negatively on service delivery and is a waste of public funds.

The committee should find out whether the shoddy spots were rectified.

10.7 Outstanding Advances

According to the financial statements page 40, the Council gave out advances totaling to UGX 66,173,698 during the previous financial year 2011/12. This monies is still reflected in the financial year 2012/13 implying that advances have remained outstanding for more than twelve months. Out of this amount UGX 45,036,000 was advanced to three contractors representing 68%.

The balance of UGX 21,087,698 was for salary advances and office imprest. However, the council did not provide evidence of efforts made to recover the monies since the advances are overdue.

The Accounting Officer acknowledged the anomaly and stated that council lacks a debtor’s policy to aid in the management of the debt collection.

The committee should find out why council lacks a debtor’s policy to aid in the management of the debt collection.

The committee should find whether the monies were recovered.
11 NAKAPIRIPIRIT DISTRICT

11.1 Reconciliation of Central Government Grants (Treasury releases to Districts)

It was also noted that there was a discrepancy between actual grants indicated as received by the local government from the Ministry of Finance, Planning and Economic Development and the actual amounts disbursed by the Ministry of Finance, Planning and Economic Development to the local government by UGX835,774,534. The District financial statements revealed that out of the revised approved budget of UGX9, 554,368,762 was received by the local government, while the information from MoFPED showed total releases of UGX8, 713,594,228. This un-reconciled government releases position makes the funds doubtful. The committee should find out whether accounting officer has done the investigations and if yes what is the outcome and possible recommendation for the discrepancy in question.

11.2 Internal Audit Reports

It was noted that internal audit report for the 4th quarter had not been presented to council. Besides the 1st, 2nd and 3rd quarter reports were not acted upon or followed up the council and District Public Accounts Committee. Management explained that the 4th quarter internal audit reports had not been discussed by DPAC since the death of the substantive chairperson who had not yet been replaced. The committee should find out whether management followed up on the internal audit reports and ensured DPACs involvement in their evaluation.

11.3 Low Absorption capacity

The Auditor noted that the district failed to utilize the CDD grant totaling to UGX 194, 813,427 over years. This could have been due to lack of sensitization of the target.
groups about the grant. Management attributed this to the beneficiary departments' failure to meet the 80% score required to access the funds.

The committee should find out whether management liaised with the stakeholders to review the conditions for accessing the grant.

**11.4 Government Aid to NGO hospital**

A review of final accounts revealed that during the year under review, UGX 61,036,000 was transferred to NGO hospitals. However, the following anomalies were noted:

- The district did not carry out performance and service delivery reviews to assess the impact of the monies paid to the private hospitals.
- Work plans approved by the district were not followed.
- The list of beneficiaries could not be clearly determined.
- The hospitals did not file returns to show how the funds were utilised.

The committee should find out whether there were clear guidelines when allocating the money.

**11.5 Review of Internal Audit Function**

It was noted that out of the budgeted UGX 41,121,100 only UGX 15,979,000 was released to the unit representing 38.8%. Underfunding of the internal audit unit affects its performance.

The cause of the inadequate funding of the unit was due to limited local revenue base.

The committee should find out what strategies management has put in place to ensure sufficient fund the internal audit department to enable the unit function effectively.
11.6 Out Patient Department in Lomorunyangae HC II

A local firm was awarded a contract for the construction of an OPD in Lomorunyangae HC II at a cost of UGX 63,158,700 and UGX 61,504,367 had been paid to the contractor at the time of audit. However, the Health Centre was not operational, because there was no health officer and medical equipment.

The Accounting Officer explained that failure to equip the Health Centre was due to the Government Policy of concentrating more on Health Centre IIs than Health Centre IIs. Failure to equip the Health Centre provides a failure of the Health Centre to achieve its mandatory activities.

The committee should find how long has the Health Centre been in such a state.

The committee should also find out whether the Health Centre is equipped with the necessary resources.

11.7 Construction of Houses at Looro Sub-county

A local firm was awarded a contract to construct a staff house, Chief's house and office block at Looro Sub-county, at a contract sum of UGX 162,255,750. The full amount by the time had been paid to the contractor at the time of audit.

However, physical inspection of the project revealed that the staff house was abandoned and remained incomplete. Besides, works done were of poor quality and the structures were full of cracks.

The committee should find out whether management rectified the defects with the contractor.

11.8 Lack of a Store Keeper

It was however, observed that the district did not have a substantively appointed store keeper to manage its stores.

This exposes stores items to the risk of abuse. The Accounting Officer explained that the substantive store keeper left for study leave.
The committee should find out whether a store’s keeper was substantively appointed to manage the district stores.

**12 SOROTI DISTRICT**

12.1 Incomplete Contracts Register

It was observed that the contracts register did not show details of contract payments and retention money. Lack of a complete contracts register may lead to over payments to contractors.

The committee should find out how long the contracts register has not been updated.

The committee should find out the status of an up-dated contracts register.

**12.2 Budget Performance**

During verification of the final accounts, it was noted that several key sectors were under funded as shown in the table below. Education, Health, Roads and Water were the most affected.

**Table 75: BUDGET PERFORMANCE BY SECTOR**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>BUDGETED</th>
<th>ACTUAL</th>
<th>UNDER-FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>6,584,432,752</td>
<td>5,157,226,951</td>
<td>1,427,205,801</td>
</tr>
<tr>
<td>Works</td>
<td>1,606,164,669</td>
<td>1,183,310,638</td>
<td>422,854,031</td>
</tr>
<tr>
<td>Health</td>
<td>2,359,609,567</td>
<td>1,832,887,897</td>
<td>526,721,670</td>
</tr>
<tr>
<td>Internal audit</td>
<td>20,289,096</td>
<td>7,662,000</td>
<td>12,627,096</td>
</tr>
<tr>
<td>Production and trade</td>
<td>1,387,126,877</td>
<td>1,061,139,229</td>
<td>325,987,648</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>11,957,633,961</strong></td>
<td><strong>9,242,226,715</strong></td>
<td><strong>2,715,396,246</strong></td>
</tr>
</tbody>
</table>

The committee should find out whether consultations with the Ministry of Finance, Planning and Economic Development so that expected amounts to budget are realistically
12.3 Limitation of scope in the audit of Teachers Payroll

During the audit, the payroll and exception records were not availed for audit. Management explained that with effect from the financial year 2010/11, management of the teachers' payroll was taken over by the Ministry of Public Service under the Integrated Personnel and Payroll System. Subsequently, the payment of salaries has been done using the Straight Through Processing (STP) directly to the teachers' personal accounts and therefore no expenditure was made on the district salary account.

The committee should find out whether management liaised with the Ministry of Public Service to obtain the payroll to enable proper monitoring expenditure made on the salary account.

12.4 Internal Audit Function

A review of the quarterly Internal Audit reports, for the period ending June 30 2012, observed instances of under-funding of the activities of the Department. Only UGX7,662,000 out of a budget of UGX 20,289,096 was allocated to audit activities. Consequently, the scope of the audits in the second and fourth quarters was greatly limited, for lack of means to reach the Lower Districts and Health Units for inspections.

Management in their response stated that the district has not been able to recruit any more staff due to the lack of a District Service Commission coupled with a ban by the Ministry of Public Service (MoPS) on recruitment.

The cause of the inadequate funding of the unit was due to limited local revenue base.

The committee should find out what strategies management has put in place to ensure sufficient fund the internal audit department to enable the unit function effectively.
12.5 Procurement Irregularities

a) Hire of Road Equipment

The district procured extra road equipment for use under force on account at a cost of UGX 58,644,192. The equipment was procured without regard to PPDA regulations and force on account guidelines. In addition, the purpose for which the equipment was hired was not disclosed, I was therefore unable to confirm the genuineness of this expenditure.

The Accounting Officer acknowledged the anomalies and explained that this was a new government policy for implementation of road works and promised to follow the procedures in the subsequent next financial year.

The committee should find whether the Accounting Officer followed up the Auditor’s recommendation.

12.6 Unsecured Advance

Contrary to paragraph 252 of the PPDA 2003, the district advanced UGX 36,658,167 to a private firm for water works on the strength of an insurance guarantee instead of a bank guarantee.

Funds advanced without proper payments securities could be lost in case the contractor fails to perform or abandons work.

The Accounting Officer acknowledged the anomaly and promised to implement the recommendation.

The committee should find out whether all advances to contractors were secured back by Bank guarantees not Insurance bond.

12.7 Land Office
b) Loss of computers

A review of the operations of the land office revealed that computers that were keeping vital information were stolen from the office. It was also noted that other vital documents like application forms, payment confirmation vouchers and land survey reports were missing from the office. There was no police report availed for verification.

Accounting Officer explained that the case was reported to police, investigations were conducted but no report was issued.

The committee should find out whether the case was investigated and how was it settled.

12.8 Failure to undertake revenue assessments

Best practice requires that contracted revenue be assessed to establish the reserve price. However, there was no evidence to show that revenue was assessed prior to contracting making it difficult to confirm whether the right amount of revenue was collected during the year.

Failure to assess tendered revenue may lead to setting of unrealistic reserve prices which results into revenue loss or future contract amendments.

Accounting Officer has accepted failure to conduct assessments of all the contracted revenue sources in conjunction with the Sub Counties so as to establish fair and viable reserve prices.

The committee should find out whether comprehensive revenue assessment is being carried out.

13 SOROTI MUNICIPALITY
13.1 Procurements

a) Award of Contracts

It was noted that contract documents revealed that the evaluation committee awarded contracts totaling to UGX117,767,579 to various companies which were non-compliant at the preliminary stage. Details are as shown below -

Table 76: DETAILS OF THE NON COMPLIANT COMPANIES

<table>
<thead>
<tr>
<th>Contracts' Name</th>
<th>Contactors name</th>
<th>Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>street parking Fees collection</td>
<td>M/s Enimanainvt-Ltd</td>
<td>4,920,000</td>
<td>Awarded contract but failed preliminary stage lacking a certified copy of income tax clearance, certified copy of trading license FY 2011, certified copy of bank statement.</td>
</tr>
<tr>
<td>liquor market fees collection</td>
<td>Kikota general services Ltd</td>
<td>1,560,000</td>
<td>sole bidder and passed the preliminary examination and assessment but there were no copies of company profile, bank statement, tax clearance among others.</td>
</tr>
<tr>
<td>part wall fencing of municipal abattoir phase</td>
<td>M/s Nanga</td>
<td>12,397,579</td>
<td>Not awarded but failed preliminary stage lacking signed submission sheet and contract awarded to M/s Nanga under direct procurement.</td>
</tr>
<tr>
<td>Periodic road works on Teso road distributors &amp; contractors ltd</td>
<td>M/s Atotti rural</td>
<td>98,890,000</td>
<td>Other firms were knocked out preliminary stage with a clause inserted on this contract (contract validity period) which did not appear on other contracts.</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>117,767,579</td>
<td></td>
</tr>
</tbody>
</table>

Contractors who were awarded the tenders were unfairly selected, thereby denying capable firms from doing the work.

Management response was that much as they lacked some attachments, the bidders benefited from the legal provisions in the regulations since they were sole bidders.
especially on revenue tender. This was done in good faith with the aim of enhancing effective revenue collection but the council will endeavour to educate bidders through pre-bid meetings to enhance compliance.

There however remained no physical evidence and communication on the responses given by management. The committee should find out whether the inconsistencies in procurement process were rectified.

13.2 Culvert Installation under Routine Road

During the audit inspection of various roads under routine maintenance, it was observed that roads have no culverts installation and murring yet UGX8, 890,000 was paid for this specific purpose of culvert installation on roads like central avenue, Bisina-Morotord, Lallerd and Aporu-Akol roads. The money could have been diverted to other unplanned activities.

There was delay in installing the culverts.

Table 77: CULVET INSTALLATION UNDER ROUTINE ROAD

<table>
<thead>
<tr>
<th>Vr No</th>
<th>Payee</th>
<th>Amount</th>
<th>Description</th>
<th>Responses</th>
<th>Auditors comments on verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/2</td>
<td>Femisa Ltd</td>
<td>1,135,000</td>
<td>Culvert installation</td>
<td>Culvert line already fixed</td>
<td>no newly installed culverts found on verification</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At the time of audit the culverts had not been placed</td>
<td></td>
</tr>
<tr>
<td>12/2</td>
<td>Alex Onakot</td>
<td>1,600,000</td>
<td>Culvert installation central Avenue</td>
<td>At the time of audit, there were no culvert lines installed due to delayed delivery Two lines of culverts have been put</td>
<td>no newly installed culverts found on verification</td>
</tr>
</tbody>
</table>
However, inspection during verification showed that only works worth UGX1, 820,000 out of the UGX10, 710,000 had been executed leaving no accountability of funds worth UGX8,890,000, thereby denying the communities expected road services.

Management should explain to the committee why UGX8, 890,000 was not accounted for.

The committee should find out the current status of the road.

### 13.3 Drug Stock-outs, and Inadequate Medical Equipment’s in Health Centres

Audit inspection of Municipal health centers showed that there was drug stock-outs, and inadequate medical equipment like delivery kits, circumcision kits, and theatre equipment. There are no placenta pits and incinerators in some health centers, therefore poor disposal of waste. Service delivery in the municipal council is greatly
compromised, especially due to the lack of basic medical equipment.

Management explained that there is high demand for drugs and PHC conditional grant is not able to meet all the demands in terms of Equipment. The money for drugs for all Health facilities is sent directly to National Medical stores (NMS) and each Health Centre III receives drugs by push system (drugs are sent by NMS to the respective health units without them requesting). Drug stock outs remain outstanding due to insufficient funding.

The committee should find out what steps were taken despite the insufficient funding.

13.4 Lack of Stores Ledgers

It was noted that items like, stationery and consumables are bought and issued out but there was no evidence of store's transactions being posted in ledger. I was unable to establish whether stores items were utilized.

Management stated that the unit lacks a Stores Assistant to maintain the records.

Lack of a Stores Ledgers exposes theft and misuse of stationary.

The committee should find out why management didn’t have a store’s ledger.

The committee should find out whether a store’s ledger is in place.

13.4 Internal Audit Function

It was noted that internal audit was not specifically budgeted for and that its reports did not include issues on Procurement, Education, Health and Human Resource.

It was also noted that the municipal council audit department has three staffs out of the approved four in the structure causing a staff gap which affects the effectiveness of the department to carry out its duties. The internal audit reports are available although DPAC takes long to discuss the report. Under-staffing of internal audit department has resulted into delays.

Management explained that there was under staffing since structure provides for 4 staff and only 3 are currently filled leaving 1 post vacant.
The committee should find out whether the Permanent Secretary, Ministry of Public Service accepted the recruitment of auditors.

13.5 Reconciliation of Central Government Grants (Treasury Releases to Districts)

It was also noted that there was a discrepancy of actual grants indicated as received by the local government from the MoFPED and the actual amounts disbursed by MoFPED to the local government.

The Municipality financial statements revealed that out of the revised approved budget of UGX5, 391,981,448 was received by the local government, while the information on releases from the Ministry of Finance, Planning and Economic Development indicated total releases of UGX4, 439,921,976 resulting in an unexplained difference of UGX952,059,472. Furthermore, no documentary evidence was availed showing whether the District was issued a receipt by the Ministry of Finance, Planning and Economic Development as required. The difference should be investigated.

This un-reconciled government releases position makes the funds doubtful.

The committee should find out whether accounting officer has done the investigations and if yes what is the outcome and possible recommendation for the discrepancy in question.

13.6 Revenue Spent at Source

It was observed that UGX 11,236,000 local revenue was not banked.

Failure to bank the revenue collection can lead to abuse.

Management explained that the funds had been paid to agents managing various tax collection centers but without the accountability.

The committee should find out whether all cash collections are banked intact in accordance with the regulations.
13.7 Lease of Soroti Municipal Secondary School

The Municipal council rented out Soroti Municipal Secondary School to a pilgrimage company at a monthly rental fee of UGX 600,000.

Documentation review revealed the following shortcomings:
- The tenancy agreement expired in 2012 implying that Pilgrimage Company is occupying government property illegally.
- Capital developments have been made on school premises without approval by the council.
- The Accounting Officer explained that a Government Valuer had recommended rentable value of UGX 2,600,000 per month but a tenancy agreement is yet to be issued to the tenant.
- The committee should find out whether any steps were taken due to this anomaly.

13.8 Lease of Madera Hostel along Moroto Road

The Municipal leased Madera Student hostel to FAW Company to establish a regional service Centre at the premises as per the council minute CR/1200/22 dated 11th January 2013. Documentation review revealed the following shortcomings:
- Lease application form by FAW Company was not available.
- The Offer letter did not specify the lease terms like lease fee, lease period and other conditions for both the lessee and the lessor.
- A tentative consideration sum of UGX 5,000,000 as annual rental fee and a monthly fee of UGX 300,000 was requested from FAW under correspondence Ref CR/1200/22 dated 26th February 2013. However there was no formal acceptance from the tenant attached on file.
- There was no evidence of involvement of the Chief Government Valuer on the set lease fee.
- There was no evidence of payment of sum of UGX 5,000,000 as annual rental fee and UGX 300,000 as monthly fee.
- The Accounting Officer explained that a submission to the chief government valuer
was made, inspection was done and a response is awaited
The committee should find out whether valuation was obtained for proper rental charges

14 NAPAK DISTRICT

14.1 Reconciliation of Central Government Grants (Treasury Releases to Districts)
It was noted that there was a discrepancy of actual grants indicated as received by the District from the MoFPED and the actual amounts disbursed by MoFPED to the District. The District financial statements revealed that the received UGX7,601,812,212 while the releases from MoFPED showed total releases of UGX8,869,900,184 creating an unexplained difference of UGX1,267,787,967
This un-reconciled government releases position makes the funds doubtful
The committee should,
Find out whether accounting officer has done the investigations and if yes what is the outcome and possible recommendation for the discrepancy in question

14.2 Lack of Contracts Manager
The district contracted out various private firms to construct classes, toilets and staff quarters worth UGX501, and 891,910 in various sub counties without appointing a contracts manager
Management should explain to the committee who was responsible overseeing the projects from the start through to completion and ensuring that work is completed on time and within its budget
The committee should find out whether the projects were implemented or the money was recovered

14.3 Shoddy Works at Lorengera Trading Centre
M/s Akopro Ltd was awarded a contract costing UGX95, 235,000 under PRDP funds for construction of a 5-stance pit latrine works at Lorenegchora Trading centre. All the money was paid to the contractor. However, inspection showed that construction
works was found shoddy, as evidenced by weak walls shaking and weak cement mix. The doors could not be easily removed without causing cracks on the floor and the walls supporting the hinges. Shoddy works exposes the public to danger. The committee should find out whether the inconsistencies were rectified.

14.4 Unauthorized Recruitment by the District

The district irregularly recruited over 106 new staff without receiving clearance from the Ministry of Public Service and MoFPED. This increased the district wage bill traditional by 37% from UGX796, 174,274 to UGX1, 091,981,000. All the newly appointed staff failed to access the payroll since they were recruited in June 2011. The possibility of the district being sued for failure to pay workers recruited cannot be ruled out. Management should explain why recruited staff with authority from the relevant ministry.

The committee should find out whether management liaised with the Ministry of Public Service as well as with Ministry of Finance, Planning and Economic Development to resolve the dilemma.

14.5 Doubtful maintenance of Dams and Valley Tanks

It was noted that UGX 16, 370,000 was advanced to an officer for the maintenance of Dams and Valley Tanks in Lopee sub-county. However, there was no accountability to show that the roads maintenance works were executed during the financial year 2012/13. Therefore, the monies remain unaccounted for. I informed the Accounting Officer that the anomaly deprives the community of the services paid for.

The Accounting Officer explained that the cattle damaged the enclosure soon after the repairs while the gutters were vandalized.

The committee should find out whether the Accounting Officers claim was confirmed.
14.6 Drilling & Installation of boreholes

The district awarded two contracts for the siting, drilling & installation of 22 boreholes to two contractors at a total cost of UGX 355,427,175 (each at UGX 18,950,000). It was however noted that three boreholes at Katulatyang, Lopeta & Kapendeapal were dry. It was further observed one borehole at Inini Trading centre-40408 was non-functional while one at Konsae had not been drilled.

The Accounting Officer explained that the district had not yet released the monies for the Boreholes in question pending corrective steps from the two Contractors. Nonfunctional of some boreholes affects the livelihood of the community.

The committee should,
- Find out in detail the location of the 22 boreholes that were to be installed.
- Find out why the above mentioned boreholes were not functional.
- Find out whether all the boreholes paid are fully functional. If not, has the money been recovered.

14.7 Periodic maintenance of Matanty-Lokopo Rd (2km)

A sum of UGX 30,863,000 was paid to a local firm for the supply of the 98 culverts of various sizes. However, by the time of audit, the culverts had not yet been installed, neither were they traceable.

The Accounting Officer explained that the activities were not implemented due to heavy rains but failed to account for the monies or the procured culverts. This may lead to loss of government funds.

The committee should find out,
- Why management failed to account for the monies.
- Whether the project was implemented. If not, was the money recovered.

14.8 Low Absorption Capacity to Utilise CDD Funds

During the year under review, the district failed to utilise the CDD grant of UGX 115.
718,937 which remained on bank account no 90300062872254 of Stanbic bank
This could have been due lack of sensitization about the grant by the people of Napak
by district officials The district community may lose this grant if it remains
utilized
This may result to communities not benefiting from the grant

The Accounting Officer attributed the anomaly to the stiff guide lines for the
disbursement of the CDD funds

The committee should,
Find out in detail which communities were supposed to benefit from the grant. Find out
what sensitization drives has management put in place to encourage groups to benefit
from the grant

14.9 Outstanding Salary advances

A review of the financial statements revealed that a total of UGX 9,003,804
outstanding salary advances from previous financial years remained unrecovered as
shown in the table below,

Table 78: DETAILED OUTSTANDING SALARY ADVANCES

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lomonyang Joseph</td>
<td>LCV Chairman</td>
<td>5,400,000</td>
</tr>
<tr>
<td>Lokoru Tebanyang</td>
<td>Councilor</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Korobe Daniel</td>
<td>LC II</td>
<td>398,916</td>
</tr>
<tr>
<td>Angella Hellen Lopul</td>
<td>Councilor</td>
<td>273,000</td>
</tr>
<tr>
<td>Charles Lotela Anyakun</td>
<td>District planner</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Kedi Micheal</td>
<td>Teacher</td>
<td>600,000</td>
</tr>
<tr>
<td>Loma Ruth Racheal</td>
<td>O/A</td>
<td>331,888</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>9,003,804</strong></td>
</tr>
</tbody>
</table>
This was caused by laxity of management to recover the advances. Failure to recover debts may deny the district the opportunity of using the money to provide services. The committee should find whether all outstanding advances have been recovered.

14.10 Internal Audit function

It was observed that the Internal Audit department was understaffed. Out of the 4 approved posts only 2 were filled leaving 2 vacant positions. This was attributed to the ban on recruitment by Ministry of Public Service.

The committee should find out whether the Permanent Secretary, Ministry of Public Service accepted the recruitment of auditors.

15 NGORA DISTRICT

15.1 Internal Audit

It was observed that Ngora District had budgeted for internal audit UGX24,911,000 but only UGX2,943,520 was availed to the department. Inadequate funding has stifled activities of the internal audit unit. Monitoring of projects in the district could therefore not be effectively undertaken. These shortcomings have a negative effect on the effectiveness of the internal audit unit. The committee should find out whether funding to the entire internal audit department was increased to improve its performance.

15.2 Service Delivery Inadequacies

a) Works Department
i) Rehabilitation of AtootKodike road and drainage improvement of Ongooma Kalapata road

The district contracted a local firm to carry out labour based rehabilitation of Atoot-Kodike Road - 2.5 km and drainage improvement of Ongooma Kalapata Road - 0.4 km at a cost of UGX 109, 900,025 for a period of six months. By the time of audit in November 2013, UGX 95, 457,450 had been paid to the contractor.

A review of the contract records and physical inspection revealed that:
- Most of the culverts had not been installed
- The road still had hips of Marrum which had not yet been spread
- Shoddy drainage work had done and stone pitching incomplete

The Accounting Officer explained that the soil hips on the road side were dumped for maintenance purposes since its labour based and riding surface is uneven.

Management should explain why the road too long to be improved

The committee should:
- Find out whether the road was completed in the specified time
- Find out the status of the road as of now
- Find out whether management has come up with mechanisms to ensure proper supervision of road works

15.3 Water Department

Construction of Boreholes UGX.114, 411,000

The district entered into a contract with a local firm for construction and drilling of 6 deep bore holes in various locations of the district at a cost of UGX 114, 411,000. An amount of UGX 600,000 had been quoted in the B O Q for branding of the bore holes. However, physical inspection revealed that the boreholes were not branded making identification of constructed boreholes difficult.
This may result into a risk theft of the boreholes and loss of government funds.

The committee should,

Find out the accountability of the UGX 600, 000

Confirm whether the boreholes are branded as of now

15.4 Reconciliation of Central Government Grants (February Releases to District)

It was noted that there was a discrepancy of actual grants indicated received by the District from the Centre. The District financial statements indicates UGX9,783,471,734 and the Ministry of Finance, Planning & Economic Development states UGX8,869,900,184 resulting in an unexplained difference of UGX913,571,550

Management should justify the anomaly.

This implies wrong statement of final books of accounts.

The committee should investigate whether the auditor's recommendation was put into action.

The committee should find out where UGX913, 571,550 obtained from

15.5 Unaccounted for Advances

The Auditor noted that advances amounting to UGX 3, 678,400 lacked sufficient supporting documentation as shown in the table below:

Table 79: DETAILS OF UN ACCOUNTED FOR ADVANCES

<table>
<thead>
<tr>
<th>Date</th>
<th>Payee</th>
<th>Chq No</th>
<th>Purpose</th>
<th>Amount UGX</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 4 13</td>
<td>Opio Stanislas</td>
<td></td>
<td>Borehole Quality Testing</td>
<td>1,720,000</td>
</tr>
<tr>
<td>15 11 12</td>
<td>Top Service</td>
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Absence of the necessary accountabilities may result to loss of government's funds.
The committee should find out whether funds were the accountability documents or the funds from the responsible officers recovered.

15.6 Revenue Performance

A review of the revenue performance revealed that out of the total budget of UGX 13,737,378,872 funds totaling to UGX 12,614,835,670 were received, leaving a deficit of UGX 1,122,543,202. This adversely affected service delivery. The committee should find out whether the causes of under collection of local revenue and liaise with the relevant ministries for improved funding were identified and adequately addressed.

15.7 Rehabilitation of Boreholes

A contract for the rehabilitation of 10 bore holes in the district was awarded at a contract price of UGX 44,758,000. The start date was 27/01/2014 and ending on the 30/05/2014. By the time of audit in September 2014, UGX 41,381,082 (92%) of the contract price had been paid which covered tree planting. However, Physical inspection revealed that tree planting at a cost of UGX 1,000,000 had not been done. The Accounting Officer attributed this to the harsh weather conditions and roaming animals that destroyed the trees when still young. The committee should find out whether the contractor planted the trees and should guard them against destruction.

16 SERERE DISTRICT

16.1 Internal Audit Department

It was observed that while management had budgeted to spend UGX 46,524,819 on the internal audit department, only UGX 17,151,614 was allocated resulting in a shortfall of UGX 29,373,205. The internal control system is weakened under the
circumstances. Management stated that under funding the Internal Audit Department was due to low local revenue collection. The committee should find out whether management provided adequate funds to the Department to enable it effectively deliver on its mandate.

16.2 Internal Audit Unit

A review of the Internal Audit Unit of the district revealed the following,

The department is not staffed with competent people, the head of unit being an examiner of accounts instead of the recommended Principal internal auditor.
- The department was allocated only UGX 31,050,225 (77.8%) of the budgeted expenditure of UGX 39,892,000 for audit activities for the year under review.

The committee should find out if,

The post will be filled with a qualified officer and pledged to improve funding to the department.

The Accounting Officer addressed the internal audit deficiencies.

16.3 Technical Audit of Road Maintenance Civil Works-Force Account

The district planned to implement projects worth UGX 584,020,000 for district and Urban roads comprising of routine manual maintenance of 227.38 km (UGC 156,927,000) and routine mechanized maintenance of 56.4 km (UGC 230,520,000), UGX 160,492,000 for periodic maintenance of 17 km district road and UGX 36,081,000 for equipment repairs, District Roads Committee Operations, supervision and administration costs.

Out of the planned projects for the year, a total of 6 (Six) roads were sampled for technical audit inspection.

16.4 Inadequate documentation of Equipment outputs.
The Auditor noted that bills of works and equipment work records revealed that the district used a combination of both hired and owned equipment. However, the work records presented for review only show the hours and duration of equipment use without daily and weekly output. Absence of output records makes it difficult to verify the outputs from the combination of these equipment’s. The committee should, Investigate the daily and weekly output that was carried out. Find out whether management has in place proper records in order to facilitate supervision.

16.5 Inconsistency of Some Proposed Work Inputs with the Guideline and Work Plan

A review of force account budgets for the 6 projects inspected indicated that some ineligible items such as cost of airtime, drinking water, assorted stationary, papers and printing with a total cost of UGX 3,320,000 were mistakenly included in the budget thereby reducing the funds available for procurement of other relevant inputs for works. These items should have been covered within the 6% operational expenses in the district work plan. The Accounting Officer explained that the 4.5% provided by the road fund was inadequate to cater for office operations. Management should explain this anomaly. The committee should investigate who authorized the deviation of funds.

16.6 Lack of Adequate Documentation for Spot Graveled Sections and Culvert Locations in the Progress Reports

As a best practice, the gravel quantities placed within the localized spots and culvert Chainage need to be recorded as gravelling work is being executed and summary of gravel quantities per section graveled recorded in the progress reports prepared by the
force account manager. It was noted that the scope of works for mechanized maintenance of Kyere – Kamurojo – Olulur road involved spot gravelling and culvert installation, however, there was no report on gravel quantities and culvert chainage placed within the localized spots making it difficult to ascertain the actual quantity of gravel used for works and identifying the new lines of culvert installed. There is a possibility of low quantities provided thus leading to shoddy works. The committee should find out whether the right gravel quantities were delivered on the sites. Ask for the detailed report of the gravel quantities that were delivered.

16.7 Lack of Pre and Post Assessment Reports

It was observed that the district spent UGX 59,489,602 on motor vehicle repairs without pre and post inspection reports. There is risk that funds could have been paid for no services/ work done. The committee should find out whether the Accounting Officer conducted pre and post repair assessment reports for vehicle repairs in accordance with the regulations.

16.8 Lack of schedule for maintenance of road equipment

A review of the district annual work plan and budgets for road maintenance using force account mechanism revealed that a sum of UGX 9,800,000 was allocated for equipment repair in the annual work plan while in the budget estimates for five out of (6) roads inspected a sum of UGX 16,000,000 was incorporated for repair and servicing equipment. However, there were no schedules for such repairs and maintenance of the equipment making it difficult to verify which equipment and when the repair was undertaken. This practice can lead to financial loss or over expenditure beyond the limit stipulated in the guideline without approval. The committee should find out whether,
Daily records of equipment use (both hired and owned) including their outputs should be prepared and records kept in each of the project management files.

16.9 Field Inspection of Works

The audit inspection was carried out on 17/09/2014 in the company of the Force Account Manager Serere District Local Government. The following shortcomings were identified:

The Accounting Officer attributed the defects to heavy trucks moving all through the District in search of agricultural produce and heavy rains.

The committee should ascertain,

- If all defects observed on road surface and drainage structures for the inspected roads are documented and corrected to save the investments and prolong the service lives of the maintained roads.

- If Roads are maintained to comply with the standard design manual issued by Ministry of Works and Transport, specifically cross sectional elements and drainage structures should be reviewed to comply with the manual.

Borrow pits were reinstated as required by the environmental guidelines and district roads manual.
MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE (LOCAL GOVERNMENTS) APPENDING THEIR SIGNATURES TO THE CONSOLIDATED BACKLOG REPORT FOR FINANCIAL YEARS 2010/11-2013/14

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