



Civil Society Budget Advocacy Group-CSBAG

# KOBOKO DISTRICT LOCAL GOVERNMENT SIMPLIFIED AUDIT REPORT FY2023/24

## Extract of the Office of the Auditor General Report for FY2023/24

### 1.0 INTRODUCTION TO OAG FINDINGS

#### 1.1 Background

The Office of the Auditor General (OAG) conducted an independent audit of the financial statements of Koboko District Local Government (DLG) for the financial year ended 30th June, 2024. The audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and the mandate provided under Article 163 of the 1995 Constitution of the Republic of Uganda, (as amended) and the National Audit Act Cap 170. The report aims to provide assurance to Parliament, the public, and other stakeholders regarding the accuracy, reliability, and compliance of the City's financial records and operations with established laws, regulations, and procedures. It highlights the key audit findings, conclusions, and recommendations to enhance financial accountability, service delivery, and governance in the District.

#### 1.2 Overview of the format of the Audit Report

Section	Title	What It Means in Simple Terms
Section 1	Report on the Financial Statements	<ul style="list-style-type: none"><li>This part checks whether the District has properly recorded and reported all the money it received and spent.</li><li>It tells citizens if the financial information is correct and trustworthy.</li></ul>
Section 2	Report on Compliance with Laws and Regulations	<ul style="list-style-type: none"><li>This section checks if the District followed the rules when spending public funds.</li><li>It ensures that government programs like PDM, YLP, and procurement followed legal and policy guidelines.</li></ul>
Section 3	Report on Performance Evaluation	<ul style="list-style-type: none"><li>Assesses whether the District did what it promised (like building classrooms or roads).</li></ul>
Section 4	Report on Other Audits	<ul style="list-style-type: none"><li>Section 4 covers other audits carried out in the entity such as Value for Money (to check if projects give good results for the money used) and Special Audits.</li></ul>

#### 1.3 Key Terms

Section	Section Title	Key used in the Section and their definition
Section 1	Report on the Financial Statements	<ul style="list-style-type: none"><li><b>Opinion:</b> The auditor's overall judgment on whether the financial statements are accurate.</li><li><b>Basis of Opinion:</b> The evidence and method used to make that judgment.</li><li><b>Key Audit Matters:</b> Important issues the auditor found that citizens should be aware of.</li><li><b>Emphasis of Matter:</b> Special issues highlighted, even if they don't affect the main opinion.</li></ul>
Section 2	Report on Compliance with Laws and Regulations	<ul style="list-style-type: none"><li><b>Compliance:</b> Following rules, laws, and guidelines.</li><li><b>Regulatory Framework:</b> The set of rules and policies the District must follow.</li></ul>
Section 3 & 4	Report on Performance Evaluation and Other Audits	<ul style="list-style-type: none"><li><b>Performance Evaluation:</b> Comparing what was planned with what was achieved.</li><li><b>Audit Engagements:</b> Other special investigations done in the District.</li><li><b>Value for Money:</b> Ensuring services or projects are worth the money spent.</li></ul>

## 1.4 **Opinion**

The District received an unqualified (clean) opinion, meaning the financial statements were fairly presented in all material respects.

## 2.0 **About City**

### 1.1 **Geographical location**

Aspect	Details
District Name	Koboko District Local Government
Region	Northern Uganda
Sub-region	West Nile
Borders	Shares boundaries with South Sudan to the north; DRC to the west; Yumbe to the east, Maracha to the south.
District Headquarters	Koboko Town

### 1.2 **Mandate**

Aspect	Details
Legal Mandate	Operates under the Local Governments Act, Cap 138 of the Laws of Uganda.
Core Functions	Deliver services in health, education, water, roads, production, and other devolved functions. - Promote good governance and accountability. - Mobilize local revenue and ensure sound financial management. - Plan and implement development programs for social-economic transformation.

### 1.3 **Commentary on Income, Expenditure, Assets and Liabilities**

In FY 2023/24, Koboko District Local Government generated UGX.28.71 billion in revenue, marking a 6.1% decrease from the previous year.

Over 96% of this revenue was sourced from central government transfers, with minimal input from local taxes and external assistance. Expenditure was to UGX.25.85 billion, with employee compensation accounting for 45% of the total. Despite the increase in revenue, the surplus declined to UGX.1.09 billion from UGX.3.31 billion, mainly due to higher grant spending and depreciation charges. However, the District's net worth grew significantly from UGX.11.80 billion to UGX.37.20 billion, reflecting improved financial strength.

As of 30th June 2024, total assets had risen to UGX.37.57 billion, up from UGX.12.18 billion the previous year. This growth was largely attributed to increased investment in property, plant, and equipment. The District held UGX.110.5 million in cash and UGX.838.5 million in advances, while liabilities slightly decreased to UGX.366.18 million, mainly comprising payables. Notably, the District had no borrowings and UGX.6.2 million as pension liabilities on record. Overall, Koboko District demonstrated strong financial health and stability, supported by robust asset growth and prudent financial management.

## 3.0 **Key Findings and OAG Recommendations**

SN	Section of the Report	Observation	Key Findings	Recommendations
1	Section 1 – Financial audit report on the financial statements for the year ended 30th June 2024.	• Financial Audit	<ul style="list-style-type: none"><li>• Assets account balance significantly increased by 5.975 billion without valuation by Chief Government</li><li>• 10.588 billion relating to YLP and UWEP has not recovered, most groups disbanded or untraceable.</li><li>• Over payment and Under payment of pension and gratuity amounting to 0.0118 billion and 0.076 billion respectively.</li></ul>	<ul style="list-style-type: none"><li>• Engage the Government Chief Valuer to conduct proper valuation over time.</li><li>• Work with Ministry of Gender to develop strategies for recovery of the loans.</li><li>• Make necessary adjustment in the subsequent period upon confirmation of amounts by the MoPS.</li></ul>

SN	Section of the Report	Observation	Key Findings	Recommendations
2	Section 2 – Key findings on compliance with the specified regulatory framework.	Parish Development Model	UGX.2.45 billion was expected in quarter 4 but no funds were disbursed to PDM SACCOs	Matter should be brought to the attention of MoFPED.
			UGX.1.10 billion wasn't disbursed to beneficiaries by close of the financial year due to late release.	Ensure disbursement are made to qualifying beneficiaries.
			Non Existence and Non Functionality of SACCO committees and Sub committees	Ensure that sub committees are constituted and operational
			Failure to train household Beneficiaries where by 49 PDM did not train the 5 required topics	Sensitize beneficiaries and organize more training to ensure PDM objectives are met
			All PDM groups failed to obtain Registered Offices and signboards	Liaise with PDM secretariat about the funding need
3	Section 3 – Highlights on the evaluation of the District's performance.	Budget Implementation	UGX.928 million worth of planned activities were not funded.	Follow with MoFPED to ensure that all budget activates are funded.
			UGX.1.248 billion was not utilized these funds were for payment of wage.	Ensure that funds are re-voted
		UPE Capitation Grant Management	84 Pupils were not on EMIS and 1121 pupils were inflated on EMIS while some pupils were missing, others duplicated.	Regularly update and reconcile school records with EMIS data.
			Capitation grant rates to support students in UPE funded schools have not been adjusted for inflation, reducing purchasing power.	Engage MoFPED and Parliament to increase the per pupil funding.
			All UPE schools failed to prepare financial statements	Ensure head teachers are trained on the preparation of basic financial statements
			The District has shortage of 575 teachers.	Seek approval and wage support from MoPS to recruit more teachers.
		Road Maintenance Grant	The District failed to submit quarterly reports	Ensure submission of quarterly reports
			UGX.1 billion was mischarged because the District used a different code during budgeting	Allocate resources on the right codes
		District water supply and sanitation conditional Grant	District lacked water quality testing kits to check water quality.	Expedite the process of training staff and start using the acquired kits
		Uganda Intergovernmental fiscal transfers program	2 projects worth UGX.1.126 billion delayed according to the project end dates and partially implemented	Expedite the construction

SN	Section of the Report	Observation	Key Findings	Recommendations
		Other entity observations	<ul style="list-style-type: none"> <li>Irregular payment of salary to staff who abandoned duty amounting to UGX.92.10 million</li> </ul>	<ul style="list-style-type: none"> <li>Ensure appropriate steps are taken to handle the errand staff</li> </ul>
4	Summary of Audit findings from other Audit engagements	Value for Money Audit on implementation of UGIFT projects Construction of pendrobo seed and upgrade of chakula HC II	EDUCATION SECTOR <ul style="list-style-type: none"> <li>Project had delayed for 1 year.</li> <li>Only two (02) progress reports were on file but of insufficient quality.</li> <li>Uncharged liquidated damages on contract 3 of UGX.124,436,277</li> </ul>	<ul style="list-style-type: none"> <li>Ensure constant supervision and monitoring</li> <li>Ensure necessary documents are kept on file</li> </ul>
			HEALTH SECTOR UGX.9.648 million was overpaid to the contractor.	<ul style="list-style-type: none"> <li>Over payment should be recovered</li> </ul>
		Special Audit on gratuity payments and pension payroll	<ul style="list-style-type: none"> <li>The District had 155 fully verified pensioners, 5 were not verified, 24 did not show up and 12 individuals had not accessed the payroll by end of June</li> </ul>	<ul style="list-style-type: none"> <li>Sensitize pensioners 6 months before retirement.</li> </ul>
			<ul style="list-style-type: none"> <li>UGX.0.52 billion of the supplementary funding was unspent</li> </ul>	<ul style="list-style-type: none"> <li>Ensure full absorption of funds</li> </ul>
			<ul style="list-style-type: none"> <li>UGX.1.11 billion is the expected pension and gratuity estimate to cater for 200 confirmed pensioners for the year 2024/2025</li> </ul>	<ul style="list-style-type: none"> <li>Engage MoFPED to ensure budgeted funds are released</li> </ul>

#### 4.0 **The role of policy makers, CSOs and citizens in tracking OAG findings**

SN	Details	Roles
	Policy Makers	<ul style="list-style-type: none"> <li>Review audit reports and use findings to inform policy decisions and reforms.</li> <li>Engage Accounting Officers to explain audit issues through oversight committees (e.g., PAC, COSASE).</li> <li>Ensure implementation of audit recommendations through legislation and follow-up.</li> <li>Allocate resources for corrective actions identified in audit reports.</li> </ul>
	CSOs	<ul style="list-style-type: none"> <li>Monitor and advocate for the implementation of audit recommendations at national and local levels.</li> <li>Simplify and disseminate audit findings to communities for awareness.</li> <li>Build citizen capacity to engage with audit information.</li> <li>Engage with government and Parliament to demand accountability.</li> </ul>
	Citizens	<ul style="list-style-type: none"> <li>Use audit findings to hold leaders accountable through community platforms and public dialogues.</li> <li>Report observed mismanagement or unaddressed audit issues to relevant authorities.</li> <li>Participate in budget tracking and service delivery monitoring using audit information.</li> </ul>

#### 5.0 **Conclusion**

The audit of Moroto District Local Government for the financial year ended 30th June 2024 revealed an overall improvement in financial management, as evidenced by the clean audit opinion and increased net worth. However, key challenges persist in procurement compliance, internal controls, and timely project execution. Addressing these issues will enhance transparency, service delivery, and overall governance within the District