



Civil Society Budget Advocacy Group-CSBAG

# MARACHA DISTRICT LOCAL GOVERNMENT SIMPLIFIED AUDIT REPORT FY2023/24

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

### 1 Introduction to OAG findings

#### 1.0 Background

The Office of the Auditor General (OAG) conducted an independent audit of the financial statements of Maracha 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.

#### 1.1 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>

#### 1.2 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>

#### Opinion

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

## 2.0 About District

### 2.1 Geographical location

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

### 2.2 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.

### 2.3 Commentary on Income, Expenditure, Assets and Liabilities

In FY 2023/24, Maracha District Local Government generated UGX.32.855 billion in revenue, marking a 1.18% increase from the previous year.

Over 95.9% of this revenue was sourced from central government transfers, with minimal input from local taxes and external assistance. Expenditure was to UGX.30.34 billion, with employee compensation accounting for 65% of the total. However, the District's net worth grew significantly from UGX.4.582 billion to UGX.31.205 billion, reflecting improved financial strength.

As of 30<sup>th</sup> June 2024, total assets had risen to UGX.32.50 billion, up from UGX.5.98 billion the previous year. This growth was largely attributed to increased investment in property, plant, and equipment. The District held UGX.17.7 million in cash and UGX.2.231 billion in advances, while liabilities slightly decreased to UGX.1.30 billion, mainly comprising payables. Notably, the District had no borrowings and UGX.1.136 million as deposits on record. Overall, Maracha 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	• Assets account balance significantly increased by UGX.26.63 billion without valuation by Chief Government Valuer.	• Engage the Government Chief Valuer to conduct proper valuation over time.
			UGX.2.231 billion relating to YLP and UWEP has not recovered, most groups disbanded or untraceable.	• Work with Ministry of Gender to develop strategies for recovery of the loans.
2	Section 2 – Key findings on compliance with the specified regulatory framework.	• Parish Development Model	• The District failed to align its work plans and budgets to the PDM.	• Ensure that these priorities are incorporated into the work plan and budget for funding.
			• UGX.6,300,000 was not paid to parish chiefs.	• Liaise with MoFPED to ensure payment of parish chief allowances and early disbursement of funds.
			• UGX.1.26 billion (61.3%) was disbursed out of the received PRF of UGX.2.07 billion.	• Ensure timely cleaning of beneficiaries data
			• 11 beneficiaries had non-existent projects.	• . Ensure timely cleaning of beneficiaries data to facilitate timely disbursement

SN	Section of the Report	Observation	Key Findings	Recommendations
			<ul style="list-style-type: none"> <li>Failure to follow the prescribed allocation criteria for special Interest groups</li> </ul>	<ul style="list-style-type: none"> <li>Ensure special interest group allocation is followed</li> </ul>
			<ul style="list-style-type: none"> <li>Inadequate Agriculture extension services and resources.</li> </ul>	<ul style="list-style-type: none"> <li>Liaise with MOPs and MoFPED to ensure that wage bill for the district is improved.</li> </ul>
			<ul style="list-style-type: none"> <li>Non Existence and Non Functionality of SACCO committees and Sub committees</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that sub committees are constituted and operational</li> </ul>
			<ul style="list-style-type: none"> <li>Failure to train household Beneficiaries where by 4 PDM did not train their beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that PRF beneficiaries are adequately trained</li> </ul>
			<ul style="list-style-type: none"> <li>All PDM groups failed to obtain Registered Offices and signboards</li> </ul>	<ul style="list-style-type: none"> <li>Ensure funds for administrative costs are used to rent registered office space</li> </ul>
3	Section 3 – Highlights on the evaluation of the District’s performance.	<ul style="list-style-type: none"> <li>Budget Implementation</li> </ul>	<ul style="list-style-type: none"> <li>UGX.2.4 billion worth of planned activities were not funded.</li> </ul>	<ul style="list-style-type: none"> <li>Intensify strategies to improve revenue mobilization</li> </ul>
			<ul style="list-style-type: none"> <li>UGX.4.3 billion was unutilized warrants meant for Wage and Ugift projects</li> </ul>	<ul style="list-style-type: none"> <li>Seek recruitment clearance with MoPS to ensure adequate utilization of wage</li> </ul>
			<ul style="list-style-type: none"> <li>Implementation of funded activities; a) 4 Output with 9 activities worth UGX.2.516 billion were partially implemented</li> </ul>	<ul style="list-style-type: none"> <li>Ensure planned activities are implemented within the year</li> </ul>
		<ul style="list-style-type: none"> <li>UPE Capitation Grant Management</li> </ul>	<ul style="list-style-type: none"> <li>4347 pupils were not on EMIS or were inflated on EMIS, while some pupils were missing, others duplicated.</li> </ul>	<ul style="list-style-type: none"> <li>Regularly update and reconcile school records with EMIS data.</li> </ul>
			<ul style="list-style-type: none"> <li>Capitation grant rates to support students in UPE funded schools have not been adjusted for inflation, reducing purchasing power.</li> </ul>	<ul style="list-style-type: none"> <li>Engage MoFPED and Parliament to increase the per pupil funding.</li> </ul>
			<ul style="list-style-type: none"> <li>The District has a shortage of 324 teachers</li> </ul>	<ul style="list-style-type: none"> <li>Seek approval and wage support from MoPS to recruit more teachers.</li> </ul>
		Road Maintenance Grant	<ul style="list-style-type: none"> <li>UGX.41.38 million was spent on activities not within the description of operational funds</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that responsible officers adhere to the rehabilitation development Grant Guidelines</li> </ul>
			<ul style="list-style-type: none"> <li>Delays in submission of quarterly reports with an average of 9 days from the submission date</li> </ul>	<ul style="list-style-type: none"> <li>Ensure submission of quarterly reports</li> </ul>
		Management of Health Centre IVs	<ul style="list-style-type: none"> <li>UGX.292.014 million was remitted to 2 PNFPs without signing a memorandum of understanding</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that MOUs are signed with PNFPs on time</li> </ul>
			<ul style="list-style-type: none"> <li>Failure to implement the new approved structure and staffing gaps for HC VI.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure implementation of new structure and priority positions should be filled once wage is provided</li> </ul>
			<ul style="list-style-type: none"> <li>key staff were absent for an average of 159 days in a year and were paid UGX.18.55 million during their absence</li> </ul>	<ul style="list-style-type: none"> <li>Ensure staff are always at their duty.</li> </ul>
		District water supply and sanitation conditional Grant	<ul style="list-style-type: none"> <li>UGIFT projects were not provided with water sources</li> </ul>	<ul style="list-style-type: none"> <li>Prioritize allocation of water source to schools and health centres</li> </ul>
			<ul style="list-style-type: none"> <li>Failure to test 20% of existing 692 Water sources</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that the DLG procures water testing kits ahead of time</li> </ul>

SN	Section of the Report	Observation	Key Findings	Recommendations
		Uganda Intergovernmental Fiscal Transfers program (UGIFT)	<ul style="list-style-type: none"> <li>The District failed to sent UGX.1.388 billion received for UGiFT projects.</li> <li>UGIFT worth UGX.5.25 billion projects were implemented on untitled land</li> <li>projects worth UGX.1.01 billion were non utilized after completion</li> </ul>	<ul style="list-style-type: none"> <li>Ensure full absorption of funds</li> <li>Expedite the process of acquiring titles</li> <li>Ensure that all completed projects are commissioned</li> </ul>
4	Summary of Audit findings from other Audit engagements	Value for Money Audit on the implementation of UGIFT projects	<ul style="list-style-type: none"> <li>Education Sector               <ol style="list-style-type: none"> <li>construction of kololo seed secondary school had delayed for over 2 years</li> <li>No payment supporting documents attached to the certificates.</li> <li>UGX.490.35 million was over paid to the certificate amounts</li> </ol> </li> <li>Health Sector               <ol style="list-style-type: none"> <li>Upgrading of Ajikoro Health Centre was delayed by 1 year</li> <li>UGX.9.648 million was overpaid</li> <li>UGX.9.639 million was uncharged liquidated damages</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Appropriate measures should be put in place to ensure completion of the project</li> <li>All payments effected should have requisite support documents</li> <li>Overpayment of UGX.9.648 million should be recovered.</li> </ul>
		<ul style="list-style-type: none"> <li>Special Audit on gratuity payments and pension payroll</li> </ul>	<ul style="list-style-type: none"> <li>The DLG had 270 fully verified pensioners , 40 did not show up for validation and 2 individuals had not accessed the payroll by end of June</li> <li>1.27 billion of the supplementary funding remained unspent</li> <li>UGX.1.971 billion is the expected pension and gratuity estimate to cater for 316 confirmed pensioners for the year 2024/2025</li> </ul>	<ul style="list-style-type: none"> <li>Sensitize pensioners 6 months before retirement.</li> <li>Ensure full absorptions of funds</li> <li>Engage MoPS to review the wage estimates</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 Maracha 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.