



Civil Society Budget Advocacy Group-CSBAG

# NEBBI 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 Nebbi District Local Government (DLG) for the financial year ended 30<sup>th</sup> 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>

#### 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>

#### 1.2 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	Nebbi District Local Government
Region	Northern Uganda
Sub-region	West Nile
Borders	Shares boundaries with Mali-Okollo to the north; Zombo to the west; Pakwach to the east; DRC to the south.
District Headquarters	Nebbi Municipal 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, Nebbi District Local Government generated UGX.44.13 billion in revenue, marking a 1% increase from the previous year.

Over 98% of this revenue was sourced from central government transfers, with minimal input from local taxes and external assistance. Expenditure dropped to UGX.37.52 billion, with employee compensation accounting for 61% of the total. Despite the increase in total revenue from UGX.43.82 billion to UGX.44.13 billion, the District's surplus improved moderately from UGX.4.31 billion to UGX 5.69 billion. Additionally, the District maintained strong financial health with total expenses controlled at UGX.37.52 billion, supporting sustainable operations.

As of 30<sup>th</sup> June 2024, total assets had risen to UGX.60.10 billion, up from UGX.4.61 billion the previous year. This growth was largely attributed to increase in property, plant and equipment as well as Non-produced assets. The District held UGX.1.33 billion in prepayments, while liabilities significantly decreased to UGX.865.50 million from UGX.1.67 billion, comprising solely on trader creditors. Notably, the District had no borrowings or pension liabilities on record. Overall, Nebbi 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.54.64 billion without valuation by Chief Government Valuer.	• Engage the Accountant General and Chief Government Valuer to revalue District assets gradually for accurate and realistic reporting.
			• 1.35 billion relating to YLP and UWEP funds has been not recovered, most groups disbanded or untraceable.	• Liaise with MGLSD to ensure full recovery of outstanding group funds.
			• The District over-paid of UGX.0.134 billion and under-paid of UGX.0.014 billion to pensioners.	• Recovery and settlement should be made next period after confirmation by MoPS and the Accountant General.
2	Section 2 – Key findings on compliance with the specified regulatory framework.	• Parish Development Model	• The District work plans and budgets were not aligned to the PDM.	• Ensure parish priorities are obtained in the prescribed format and integrated into the District budget.
			• UGX.8,400,000 was not paid to 7 parish chiefs. • In addition UGX.2,400,000 was paid to 2 individuals who were not Parish Chiefs.	• Recruit all parish chiefs, address disbursement delays with PDM Secretariat and MoFPED,

SN	Section of the Report	Observation	Key Findings	Recommendations
			<ul style="list-style-type: none"> <li>9 SACCOs had not disbursed any of the PRF received in the financial year of UGX.450,000,000 to households.</li> </ul>	<ul style="list-style-type: none"> <li>Enhance monitoring of PDM implementation and devise strategies to ensure timely disbursement.</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>The District did not received UGX.2.559 billion and this led to critical activities being unimplemented, impacting service delivery.</li> <li>UGX.1.549 billion went unused due to recruitment freezes, harming service delivery and pension payments.</li> <li>UGX.9.44 billion received as supplementary funding to the District was not requested by the Accounting Officer.</li> </ul>	<ul style="list-style-type: none"> <li>Engage funding partners to ensure timely release of committed funds.</li> <li>Ensure timely recruitment and utilization of funds as planned.</li> <li>Liaise with MoFPED to ensure that only budgeted and requested for funds, are availed to the District.</li> </ul>
		<ul style="list-style-type: none"> <li>UPE Capitation Grant Management</li> </ul>	<ul style="list-style-type: none"> <li>The District received UGX.109 million less than expected as UPE funds due to inaccurate pupil numbers from low computer skills among head teachers, risking government losses.</li> <li>2 sampled schools revealed that 327 pupils were inflated on EMIS.</li> <li>The District lacks 416 teachers, including 50 Head Teachers, weakening supervision and education delivery.</li> <li>Several UPE schools lack adequate teachers, facilities, and learning materials, leading to overcrowding, poor hygiene, and unsafe environments.</li> <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 MoES to regularly update EMIS enrolment data for accurate funding by MoFPED.</li> <li>Ensure accurate and timely uploading of exact pupil numbers on EMIS.</li> <li>Actively engage MoPS for approval and recruitment of additional teachers.</li> <li>Reallocate staff, improve facilities, and fix infrastructure.</li> <li>Engage MoFPED and Parliament to increase the per pupil funding.</li> </ul>
			<ul style="list-style-type: none"> <li>All UPE schools failed to prepare financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure head teachers are trained on the preparation of basic financial statements</li> </ul>
		Management of the Road Maintenance Grant	<ul style="list-style-type: none"> <li>Out of 183 contracted culverts, 43 valued at UGX.21.05 million remained undelivered by August 2024. Despite this, the roads were commissioned with incomplete and damaged culverts.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure full delivery and quality assurance before commissioning, and avoid advance payments for undelivered works.</li> </ul>
			<ul style="list-style-type: none"> <li>A total of UGX.66.10 million lacked supporting documentation such as fuel deposit slips, activity reports, and goods received notes, increasing the risk of financial mismanagement.</li> </ul>	<ul style="list-style-type: none"> <li>Enforce accountability and ensure all expenditures are properly supported before finalizing payments.</li> </ul>
			<ul style="list-style-type: none"> <li>Inspection of Achwera-Erussi Road (21 km, UGX.547 million) found uninstalled culverts, potholes, poor drainage, broken culverts, and ongoing substandard works despite planned completion in Q4.</li> </ul>	<ul style="list-style-type: none"> <li>Expedite completion, ensure the contractor rectifies defects, and implement stronger quality control in road works.</li> </ul>
			<ul style="list-style-type: none"> <li>The District exceeded the operational expenses limit by spending UGX.150 million (15%) instead of the allowed 5%, while under-spending UGX.100 million on road works (85% instead of 95%), resulting in misallocation of funds.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure strict adherence to expenditure thresholds in line with Parliamentary Resolutions on the Works and Transport Maintenance Grant.</li> </ul>
		DWSSCG	<ul style="list-style-type: none"> <li>The District allocated boreholes to less needy sub-counties while more needy ones received none, showing a failure to follow needs-based prioritization.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure water grant allocations strictly follow the needs ranking to optimize impact and resource use.</li> </ul>

SN	Section of the Report	Observation	Key Findings	Recommendations
			<ul style="list-style-type: none"> <li>The ongoing Ugift project at Atego Seed Secondary School does not provide an accessible water source for the local community, limiting its intended impact.</li> </ul>	<ul style="list-style-type: none"> <li>Fast-track provision of accessible water sources for ongoing projects, especially Ugift sites, to ensure community benefits are realized.</li> </ul>
		UGIFT	<ul style="list-style-type: none"> <li>Boreholes were allocated to less needy sub-counties, while higher-priority areas received none, contrary to the approved needs-based ranking.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure water grant allocations strictly follow the needs ranking to optimize impact and resource use.</li> </ul>
			<ul style="list-style-type: none"> <li>Atego Seed Secondary School under the Ugift project lacked a community-accessible water source, limiting the intended benefits of the intervention.</li> </ul>	<ul style="list-style-type: none"> <li>Fast-track provision of accessible water sources for ongoing projects, especially Ugift sites, to ensure community benefits are realized.</li> </ul>
		Management of PHC	<ul style="list-style-type: none"> <li>The District delayed PHC grant releases by an average of 15 days, causing late procurement of medical supplies and salary payments, which hindered health service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>liaise with MoFPED to ensure timely release and communication of PHC funds to Lower-Level Health Facilities.</li> </ul>
4	Section 4 – Summary of Audit findings from other Audit Engagements	Value for Money Audit on the implementation of UGIFT Infrastructure projects in Nebbi DLG	<ul style="list-style-type: none"> <li>Overpayments of UGX.133,331,109 and UGX.8,790,000 were made for the Atego Seed Secondary School and Pamaka Health Centre projects respectively, without sufficient supporting documents, risking financial mismanagement.</li> </ul>	<ul style="list-style-type: none"> <li>The overpayments of UGX.133,331,109 for the seed school project and UGX.8,790,000 for the health centre project should be recovered.</li> </ul>
			<ul style="list-style-type: none"> <li>Poor project performance with significant delays of 33 days for Atego Seed Secondary School and 157 days for Pamaka Health Centre, coupled with incomplete works and structural defects that undermine infrastructure functionality and service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>The contractors must follow approved work plans, supervisors should provide detailed monthly reports, and all defects must be fixed promptly.</li> </ul>
			<ul style="list-style-type: none"> <li>Inadequate monitoring and quality assurance, including missing quality tests, environmental and social safeguards, and health and safety compliance, risk compromising infrastructure quality and sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Enforce quality control testing, implement environmental and social safeguards, and ensure occupational health and safety compliance with proper documentation.</li> </ul>
		Special audit on gratuity payments and pension payroll	<ul style="list-style-type: none"> <li>Pension and gratuity payments had payment errors, delays, data mismatches, and budget shortfalls affecting beneficiaries.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate with authorities to update records, align budgets, ensure timely funds, recover payments, and fix data issues.</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 Nebbi District Local Government for the financial year ended 30<sup>th</sup> 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