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8

**BUSINESS FOR THE UNIVERSITY COUNCIL**

From



Hon. Irene Ovonji-Odida

**CHAIRPERSON**

**AUDIT COMMITTEE OF COUNCIL**

Date: 27<sup>th</sup> February, 2018

## MAKERERE UNIVERSITY: Audit Committee of Council

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### 1.0 AUDIT COMMITTEE MEETING

On 15<sup>th</sup> February, 2018 the 28<sup>th</sup> Audit Committee of Council sat and a number of issues were discussed, some of which have been extracted for Council action or for noting.

The following reports were presented to the Audit committee:

1. Auditor General's report for 2016/17;
2. Verification report of Auditor General's report for 2015/16 on items 58.10 (D, E and F)
3. Visitation committee report on internal audit function
4. Audit of College of Health Sciences.

For report no. 2 above, Management requested for more time to finalise the responses, while report no.4, was not discussed due to time constraint.

### 3.0 ITEMS FOR ACTION OF COUNCIL

#### 3.1 Auditor General's report for 2016/17

The Deputy Vice Chancellor (Finance and Administration), University Secretary and the Bursar were invited to the Audit committee to provide responses to Auditor General's report of 2016/17. However, due to other commitments, Deputy Vice Chancellor (Finance and Administration) did not attend the meeting.

The report was presented by the University Secretary who provided the responses to the Auditor General report and explained the actions Management had taken on the issues raised in the report as was required by Permanent Secretary/Secretary to Treasury, Ministry of Finance and Economic Development.

Members appreciated the steps taken by Management to improve the basis of qualification to "except for" from previous years where the University was receiving adverse reports.

Below are some of the issues for Council either for action or noting.

##### 3.1.1 Mischarge of expenditure on Domestic Arrears for Shs. 10bn

The financial statements of the University were qualified based on possible effects of "except for" mischarged expenditure of Shs. 10bn of domestic arrears which Auditor General indicated that was not budgeted for. Whereas members appreciated the financial constraint of the University, members tasked Management to improve the budgeting

## **MAKERERE UNIVERSITY: Audit Committee of Council**

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process and comply with policies, regulations and laws regarding re-allocation of funds in order to get un-qualified report for FY 2017/18 and beyond.

**Prayer to Council:** To cause Management improve budgeting process and comply with policies, regulation and laws regarding re-allocation of funds.

### **3.1.2 Non-refund of project funds totaling to Shs. 3.55bn**

Whereas management borrowed project funds of Shs. 3.55bn from Presidential Initiative projects, by 30<sup>th</sup> June, 2017 the University had not refunded Shs 3.55bn. Members appreciated management concerns of declining internally regenerated revenue that constrained its capacity to refund the money. However, Management was tasked to devise a mechanism of refunding the money.

**Payer to Council:** to cause Management to design a mechanism to refund the money.

### **3.1.3 Review of prior recommendations**

In the report to Management for audit of 2016/17 financial year, Members of the committee were concerned that only 7 out of 30 (24%) recommendations made in FY 2015/16 were fully implemented, leaving 76% partially implemented. Members tasked Internal Audit to carry out a follow up audit on recommendations for FYs 2013/14 and 2014/15 and report to the next committee meeting. Internal Audit was also tasked to schedule a meeting of **Audit committee members with University Management** to discuss **the issue of implementation of audit recommendation** among others.

**Prayer to Council:** to cause Management to take concrete steps and ensure that audit recommendations are implemented.

## **4.0 ITEMS FOR NOTING OF COUNCIL**

### **4.1 Additional funding of Shs 22.1bn not approved by Council**

Members noted that Management spent Shs 22.1bn as additional funding without approval of Council. Whereas in their response Management indicated that this was salary enhancement for non-teaching staff and that Council was updated at all stages. Members advised management that in such a case, the matter should have been tabled to Council for endorsement; hence the audit query would have been avoided.

## MAKERERE UNIVERSITY: Audit Committee of Council

**Prayer to Council:** for noting.

### **4.2 Weaknesses in Land Management**

Members noted that despite progress made by Management so far to secure University land, recover grabbed land, the effort to lodge complaint before the Land Probe Committee, there is still land that is not yet secure and no recoveries. The Chairperson of Audit Committee pledged assistance to the University Secretary in order to get access to the Chairperson of the Land Probe Committee. Members also agreed that land matters need a holistic approach

**Prayer to Council:** for noting

### **4.3 Staffing gaps in the University**

Members were concerned that the issue of staffing gap is still featuring in audit reports, members tasked Management to address the matter urgently.

**Prayer to Council:** for noting.

### **4.4 Weaknesses in University Investments**

Members noted that lack of funding delayed capitalization of Holding Company and implement proposed investments. They appreciated the steps so far taken by Management to identify investors to invest in University land. Members tasked Management to ensure that proposed investments are implemented.

**Prayer to Council:** for noting

### **4.5 Visitation committee report on internal audit function**

Members of the committee noted that the Visitation Committee observed that audit committee did not sit for the minimum number of sittings yet the committee should set an example. They also noted that the Visitation committee observed Internal Audit did not have a clear strategy, and that there were staffing gaps which affected internal audit function.

#### **We recommended that:**

- a) Despite the circumstances given such as strike and closure of University, the Secretariat should ensure that Audit committee sits for the minimum numbers of sittings.

## MAKERERE UNIVERSITY: Audit Committee of Council

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- b) The University Secretary should ensure that all committees of Council sit as per their almanacs and that all committee almanacs are harmonized to the Council almanac.
- c) On the issue of audit internal audit strategy, internal audit should have a broad vision and set where it wants to be.
- d) Management should expedite the filing of vacant positions.

**Prayer to Council:** for noting

### 4.6 Witnessing of staff hand-overs

Internal Audit currently witnesses handovers of staff with administrative and financial responsibilities. Members were of the view that this was operational and consumes a lot of Internal Audit time which leave less time to concentrate on risk based audits.

**We recommended that:** staff with administrative and financial responsibilities should submit their handover reports in advance to Internal Audit for review without Internal Audit necessarily attending the handover function.

**Prayer to Council:** for noting.