



THE LOCAL GOVERNMENT PUBLIC ACCOUNTS COMMITTEES (LGPACs)

Functionality, Pitfalls, and Recommendations for Action

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1. BACKGROUND AND INTRODUCTION

This policy brief presents best practices, challenges, and recommendations to improve the functionality of the Local Government Public Accounts Committee. These have been generated from the training of the Local Government Public Accounts Committee and other statutory bodies including the District Land Board (DLB) and District Service Commission (DSC) conducted by the Advocates Coalition for Development and Environment (ACODE). This policy brief is cognizant that the Local Government Public Accounts Committees (LGPAC) are charged with the responsibility of promoting transparency and accountability during the execution of the functions devolved to local governments. The purpose of this policy brief is to present the emerging issues affecting the performance of the Local Government Public Accounts Committee (LGPAC) with a view of causing action by both central government agencies and local governments.

2. TRAINING OF STATUTORY BODIES

The training of the Statutory Committees conducted by ACODE under the Local Government Councils Scorecard Initiative (LGCSCI) was informed by the findings of the scorecard

assessment of FY 2018/19 where the functionality of committees and statutory bodies of the council including the Local Government Public Accounts Committee (LGPAC), the District Land Board, and the District Service Commission was done and it established that these committees were functioning minimally (Bainomugisha, et al., 2020). The assessment recommended that to strengthen transparency and accountability, there is a need to continuously train and mentor Local Government leaders and structures of local Councils on their roles and responsibilities and strengthen the role of the District Council in Public Financial Management by clarifying the role of LGPACs in audit and reporting.

Consequently, the ACODE's Local Government Councils' Scorecard Initiative (LGCSCI) undertook the training of the statutory bodies across 34 Districts between August 2020 and December 2020. The overall objective of this training was to enhance the functionality and effectiveness of the selected statutory bodies. The specific objectives included: i) to build the capacities of the statutory bodies of the councils in understanding and appreciating their statutory roles; ii) to improve the effectiveness of the council statutory bodies by improving on timely reporting by statutory committees in Local Government Councils, and iii) improve on the relationship between statutory bodies and the council. Given the nature of the training, participants were drawn according to their accountability relationships as such, both the technical and political wing of the district were mobilized for the training. The participants included; members of the statutory bodies and their secretaries, RDCs, technical officers such as the Chief Financial Officers, Internal Auditors, Senior and Principal Human Resource Officers, Senior Lands Officers, District Executive Committees, Chairpersons of the standing committees of council, and Speakers of the District Council. During these meetings, several issues concerning the performance of LGPAC were raised and subsequently captured in this paper.

3. POLICY AND LEGAL FRAMEWORK FOR THE LOCAL GOVERNMENT PUBLIC ACCOUNTS COMMITTEE

The LGPAC established under Section 88(7-9) of the Local Government Act, CAP 243 is mandated to examine reports of the Auditor General, Chief Internal Auditor or other inquiry reports about the local government within its geographical jurisdiction. The reports of LGPAC are required to be submitted to the District Council and the Ministry of Local Government. Later, the consolidated reports of the LGPACs are required to be submitted to Parliament by the Minister of Local Government to be considered by the PAC at Parliament. The LGPAC is supposed to have four members appointed by the District Council on the recommendation of the District Executive Committee. Section 88(9) of the Local Government Act requires the District Chairpersons and the Chief Administrative Officers to implement the recommendations of LGPACs and report the actions taken on the recommendations to the Council.

Further, the Local Government Financial and Accounting Regulations Part II (Local Governments (Financial and Accounting) Regulations, 2007), section 16 defines the functions

of the Local Government Public Accounts Committee as;

- a. The local government's public accounts committee shall examine the reports of the Auditor General, the head of the internal audit and any other reports of commissions of inquiry following section 88 of the Act.
- b. The local government public accounts committee shall produce reports for submission to the council and the Minister.

4. LINKAGES BETWEEN THE PARLIAMENT PUBLIC ACCOUNTS COMMITTEE AND LGPAC

Section 16(1) & (2) of the LGFAR 2007 (Local Governments (Financial and Accounting) Regulations, 2007) requires the Local Governments Public Accounts committees to examine the reports of the Auditor General, the Head of Internal Audit and any other reports of commissions of Inquiry under section 88 of the Act and produce reports for submission to the council and the minister. LGPAC can only act on the reports that have been initiated by the Internal Auditor.

The LGPAC reports are also made available to the district chairperson or mayor for information and action; Chief Administrative Officer or Town Clerk; Resident District Commissioner for information and in case of appeal. Other persons who receive the reports are The Minister of Finance, Planning and Economic Development; The Auditor-General; The Inspector General of Government; The Chairman Local Government Finance Commission. The Minister of Local Government for transmission to parliament where it will be examined by the parliamentary session committee on Local Government or the National PAC and other state organs. This is concerning Article 163(4) and (5) (Constitution of the Republic of Uganda, 1995) of the national policy which delegates the powers of accountability from the National Public Accounts Committee to the Local Government Public Accounts Committee.

5. BEST PRACTICES FROM DISTRICTS

While conducting an audit of the different sectors in the district, some good practices were noted.

- *Timely publication of the internal audit reports.* It was realized that some local governments timely produce and share their reports with LGPACs. This gives LGPACs enough time to read, and internalize the reports and be able to make appropriate recommendations. This also has been instrumental in reducing backlogs.
- *The co-operation of all committee members.* In the districts where all committee members were cooperative, it was established that there was the smooth running of the business of the LGPACs. This led to a consensus on the findings and recommendations generated by these committees.

- *Continuity and training.* LGPACs have a particular role and function. It takes time and training for PAC members to understand the unique role, functions and culture of the PACs.
- *Clear demarcation of responsibilities with other committees.* In cases where the LGPACs had been trained by the central government and other stakeholders, there was a clear understanding and demarcation of roles with other statutory bodies. This helped in preventing role conflict among these structures.
- *Support from the internal auditor's office.* It was reported that where the office of internal auditor provides support to the LGPACs, the performance was relatively better than others where the internal audit offices had been alienated. It was noted that the internal audit office would support LGPACs in cross-examining respondents, field visits and providing additional information on queries in the internal audit reports.
- *Effective communication with technical officers.* It was noted that effective communication between the LGPACs and technical staff was critical for establishing a friendly and conducive working relationship. In the districts where there were such effective communications, trust between the committee and technical staff, easy access to information, the performance of the PACs was phenomenal.
- *Follow-up processes.* LGPACs can close the accountability gap by holding follow-up meetings with the CAO and DEC and monitoring the implementation of recommendations. In districts where this has been done, most of the recommendations have been implemented.

6. EMERGING ISSUES

Despite their well-articulated mandate in Section 88 of the Local Government Act, the effective functionality of the LGPACs has faced a series of challenges. These challenges were articulated during the training as below.

Inadequate funding

One of the major challenges of the Local Government Public Accounts Committees is inadequate funding, which is manifested in many dimensions namely, inability to carry out the committee's activities, varied funding across the districts, inability to hold committee meetings, and inadequate salary to the Internal Auditors.

Under Section 88(10) of the Local Government Act CAP 243, the expenses of Local Government Public Accounts Committees are charged on the consolidated funds. Regulation 27 requires Chief Accounting Officers (CAOs) to provide all the necessary facilities and funding required for the efficient performance of the LGPACs. On the contrary, LGPACs are grossly underfunded. As a result, the committees cannot verify the issues on the ground for instance checking on the works of a contractor and so on. At times they must rely on the audit department to fund their field visits and this may compromise the workings of the committee.

A member of the LGPAC in Gulu had this to say on the funding, *“there is inadequate funding of the District Public Accounts Committee LGPAC and the Internal Audit department. We may blame the LGPAC but the budget in the internal audit department from which the reports emanate is underfunded. This means they cannot deliver on time. The reduction in funding from UGX 34 million for a financial year to UGX 18 million, District Service Commission from UGX 65 million to UGX 16 million and UGX 18 million to District Land Board.”*

Further in Moyo District, another member of the LGPAC revealed that *“We are funded from the consolidated fund and we were once told by the CAO that the LGPAC is not a priority. LGPAC has worked for two quarters and has been paid once. LGPAC generates a lot of money and yet the money takes a rat hole.”* In Nakapiripirit District, a member of the LGPAC noted that *“Funding is inadequate; members cannot sit to handle all the files that they ought to. PAC has not sat to consider the Auditor General’s report for FY 2019/ because there is no money for members to sit. The district is allocated only UGX 25 million for the statutory committees in a financial year.”*

Thus, this amount is too small and can only allow the LGPAC members to meet for two days in three months, yet Section 6.6.9 (c) of the LGPAC Handbook requires LGPACs to meet monthly. The insufficient funds provided to LGPACs do not allow them to attend to the internal audit reports on District Departments, Municipal and Town Councils, Sub counties, Hospitals as well as government-aided primary and secondary schools that the Head of Internal Audit and Auditor General are required to produce. Due to the limitation in resources, all LGPACs in the 34 districts covered noted that they are unable to conduct field visits for Value for Money Audits. It was noted that this affects the quality of their work and makes their findings and recommendations deficient.

Observations from the allocations and expenditure for LGPAC activities were found not to be uniform across all districts. In the districts that had higher budget allocations, their LGPACs were found to be relatively more active than those whose budget allocations were lower. It was revealed that the expenditure figures ranged from UGX 4, 000,000 to UGX 17,000,000.

Regulation 18 of the Local Governments (Public Accounts Committee) Regulations 2000 requires the Chairpersons of LGPACs to convene and preside over LGPAC meetings, ensure that the Committees perform their duties as mandated and submit reports to various offices regularly. However, in several districts, this was being done because of insufficient funding.

LGPAC activities are poorly facilitated because of inadequate budgetary provision, contrary to the provisions of LGPAC Regulation 27 of 2000 and Section 6.6.9 (c) of the LGPAC Handbook. The plenary sessions in all the districts revealed that LGPAC is inadequately facilitated in the following ways: lack of office space with appropriate furniture; lack of equipment and tools; lack of legal books and other reference materials; and lack of transport to allow for field visits and inspections. It was reported that such poor facilitation of LGPAC members has severely affected the operations of LGPACs.

Inappropriate salary scale for the head of internal audit

A concern was raised in several districts about the salary scale of the head of internal audit whose scale is U2 and is expected to audit their supervisor at a higher salary scale (U1S). It was noted that the internal auditors end up not being independent or compromised because of such power relations. It was noted that the head of internal audit should be elevated to a higher scale.

Inadequate staffing of the internal audit office

There were reports of inadequate staffing in most of the audit departments. This means that they cannot perform as expected. The Internal Audit Department is mandated to support the local governments to minimize risk in their operations. But for this to be done, the staffing levels must be adequate. However, from the training, it was evident that most of the audit departments were understaffed and grossly under facilitated. As a result, there are institutions in Local Governments like schools and town councils that have not been audited for some years. A member of the LGPAC in Soroti rightly noted, “The Internal Audit department is understaffed and overwhelmed. The department does not have transport to carry out audit works in the field. When the Internal Auditor does not do thorough work, it frustrates the work of LGPAC” In Nwoya District, for instance, the CAO noted that the person in the position is not substantive and the department is not well funded which has created a lot of backlogs which has made the person to look ineffective. The audit department is given less budget compared to the work done.

Lack of regular induction and orientation of LGPAC members

The plenary sessions during the training revealed that there is no regular induction and training of members of PAC. It was noted that LGPACs largely depends on technical guidance from Clerks to Council. It should be noted that being a Clerks to the council is an assigned responsibility held by any district staff at a level of senior assistant secretary, with many other responsibilities and thus cannot adequately mentor the committee. This is also because of the inadequacy of funds in the Ministry of Local Government.

Lack of provision for gender representation on LGPAC

While the Local Government Act 1997 provides for the establishment of the LGPAC, including composition and or size of LGPAC, the law is silent of the gender representation, the LGPAC is expected to have 4 members of ‘upright’ character. It does not explicitly mention anything to do with the aspect of gender.

Failure to present the treasury memoranda in council

It was observed in most districts that it is not a common practice to present the treasury memoranda to the council. Most of the district leaders expressed ignorance about this legal

and procedural requirement. Compliance with this requirement was thus uncommon. In Nwoya District, the speaker noted with concern that the treasury memorandum is always included on the order paper, but the responsible persons do not comply. He further noted that either DEC does not know what to do or does not know what it means. In Kanungu District, Secretary Finance reported that *“the district executive has never presented a treasury memorandum to the council. We are learning about this for the first time. But if I am to serve another term in the District Executive, I will ensure that the treasury memorandum is presented in council.”* A similar revelation was made by the Vice-Chairperson Hoima District who reported that *“We did not know that we had to regularly present the treasury memoranda. That is why we have never bothered about it.”*

Failure to implement LGPAC recommendations

There is no implementation of the recommendations of the LGPAC. Negative findings were cited in several districts however, these were never acted upon. A Member of LPAC in the Nwoya District Local Government noted that *“we have always submitted their recommendations for implementation but that does not happen which creates a lot of backlogs.”* Also concerning this is the fact that some of the individuals who appear in the LGPAC to answer some of the negative findings never comply with what is expected of them and the same negative findings keep appear in audits a year in and year out. In Nebbi an LGPAC member alluded to this, *“the recommendations are not worked upon e.g some issues like unaccounted for funds. We cautioned the accounting officers, and we see the person reappearing each time.”* This is because of the impunity of some of the staff and the influence that the political wing has in the recruitment process. They cannot allow their own to be executed. Such action renders the LGPAC toothless and demotivates the committee. A member of LGPAC from Arua District noted that *“There are staff that have been implicated in the reports and instructed to refund district funds. However, the same names appear in council and after two or three times it is said that those amounts were written off. If people do not pay what else can the LGPAC do so that these monies are paid? Should staff commit offences repeatedly and move scot-free?”* In some cases, it was reported that CAO fails to recover resources from staff that misused or failed to account for them.

Lack of substantive secretary to the LGPAC

The persons that are in these positions in some districts like Nwoya were not substantive but were acting capacity. Moreover, the committee entirely depends on the work of the audit department to do its job. Section 62(1) of the Local Government Act (The Local Government Act, 1997) states that *“The chief administrative officer shall assign a senior public officer at the rank of or above senior assistant secretary in the employment of the local government to perform the duties of the clerk to the district council.”* Several districts have the secretaries of LGPAC as the Clerks to Council which is already a position with a lot of workloads. It was also observed that the secretary to LGPAC who is the Clerk to Council has so many other

commitments with standing committees and sometimes a sub-county to superintend. For instance, a member of LGPAC, Kaliro District remarked, *“the Office of the clerk to Council is an assigned role and is loaded with too much work and is also Secretary LGPAC; also handles audit reports for institutions in the district.”*

Questionable character of some members of the committees

Whereas Section 88 of the LGA requires that for people to be appointed to serve on the Local Government Public Accounts Committee, they should possess a high moral character and proven integrity, the integrity of the persons LGPACs is questionable. There were complaints of double standards, conflict of interest, and corruption among others. A member LGPAC in Apac District explained that *“Conflict of interest and interference from the political leaders who bring their people to be recruited by the DSC claiming; we are the ones who appointed you to the committee.”* This places the LGPAC in a precarious position; to pin the local government staff or pay allegiance to those that nominated them.

Part-time position of the chairperson LGPAC

Amidst complaints of a heavy workload, the members of PAC who participated in the training reported that the position of the Chairperson of the committee is part-time amidst the heavy workload that the committee is required to handle. Regulation 18 of the Local Governments (Public Accounts Committee) Regulations 2000, requires the Chairpersons of LGPACs to convene and preside over LGPAC meetings, ensure that the committees perform their duties as mandated and submit reports to various offices regularly. Furthermore, the LGPAC operation Handbook requires the LGPAC Chairpersons to identify the institutions to be audited in consultation with the Head of Internal Audit Unit, issue letters of engagement to the heads of these institutions, schedule LGPAC meetings, supervise the extraction of issues from reports and supervise LGPAC report preparation and distribution. There were requests that this position is made full-time just like that of the Chairperson DSC so that they can have sufficient time to attend to the demands of the position.

Failure by the technical staff to appear before LGPAC

In some districts, there were reports that some technical officers like the CAO, Chief Finance Officers refuse to appear before PAC when summoned to respond to some queries. As a result, this has caused animosity between the committees and technical staff, failure to address some queries and financial loss to the districts.

Duplication of roles by the regional audit committees

The Regional Audit Committees were placed in all regions across the country and their main objective was to help in reducing the workload of the LGPAC. However, the LGPACs viewed this position as a duplication of roles. It is a considered view of stakeholders that the regional audit committees do not create much value upward the accountability chain given that they

too can cause the implementation of recommendations from LGPAC or recovery of lost resources.

Lack of control of the meetings' schedule

The LGPAC members are not in control of their schedule of meetings. It was noted that their meetings are usually scheduled and called by the secretaries. The members of the LGPAC also revealed that they receive the internal audit reports and other documents late and thus not able to read and scrutinize them.

Lack of feedback from the MOLG on submitted PAC reports from LGs.

The LGPAC members reported that the Ministry of Local Government seldom provides feedback to the Local Governments on the LGPAC reports submitted by the Local Governments to the MoLG. The LGs usually get feedback from LGPAC at Parliament especially when there are unresolved queries in the reports. The LGs further reported that they never get to know whether these reports were submitted to parliament.

7. CONCLUSION AND POLICY RECOMMENDATIONS

7.1 Conclusion

The LGPACs have to a large extent performed their roles of examining the reports of the Auditor-General and the Internal Audit department. However, the challenges of funding, inadequate staffing in the internal audit department, lack of implementation of LGPAC recommendations, failure to bring culprits to the book and limited capacity of the committee members have affected their functionality. It is therefore important for the Ministry of Local Government to increase funding to the committee, penalize DEC for non-action, build the capacity of the committee members and include the citizens in the accountability cycle.

7.2 Policy Recommendations

- a. *Adequate Funding.* There is a need to ensure appropriate budgeting and adequate budget allocations to the functioning of the LGPAC to ensure that it can be able to meet regularly and conduct public hearings, investigations and field verifications where necessary.
- b. *Capacity Building.* Continuous capacity development is a key ingredient for the effective operations of LGPAC. The Ministry of Local Government and Ministry of Finance, Planning and Economic Development, and the Office of Auditor General should ensure that there is a need for regular training for LGPACs. LG PACs are likely to make mistakes whenever they are not abreast with the new policies and financial guidelines from Central Government.
- c. *Representation of Women on LGPAC.* There is a need to amend Section 88 of the LGA to provide for the representation of women on the committee.

- d. *Qualifications of Members.* The policy on the qualifications of the LGPAC committee members only states that a member should be conversant with accounting. However, if the committee is to be fully functional, all members need to be knowledgeable in accounting and public financial management. The Ministry of Local Government needs to amend the law so that on the section of the qualifications, and inset a requirement for all members to know accounting and public financial management.
- e. *Secretary to the LGPAC.* The Office of the Clerk to Council who is the secretary to LGPAC is overwhelmed with duties from Council, standing committees and at times Sub counties. The Ministry of Local Government needs to place a substantive secretary to LGPAC in a senior position but one who is not as engaged as the Clerk to the council.
- f. *Reporting Channels.* The reporting channels of PAC reports are not well stated in the LGA. A good practise should be that reports addressed to the Committee of Finance and Planning and recommendations from the committee are presented to the council. It is therefore important that the Ministry of Finance, Planning and Economic Development provide clarity in the law on who the reports should be addressed.
- g. *Implementation of Recommendations.* One of the emerging issues during the training that were carried out by ACODE was the non-implementation of the recommendations by LGPAC. A provision should be placed in the Local Government Act that would compel the District Executive Committee to act on the PAC reports.
- h. *Citizen Participation.* It was realised that citizens do not appear in this accountability pattern. Yet citizen participation in public service provisioning and development policy and programming can therefore be a way of seeking greater accountability for people living in poverty. (Burns, Lopez Franco, Shahrokh, & Ikita, 2015). The government should provide a mechanism in which citizen participation in the accountability cycle is reinforced to encourage answerability from responsible persons.
- i. *Full-time Office for the Chairperson.* The Local Government Act needs to be reviewed so that the office of the chairperson is a full-time position. This will by far ensure that issues that arise are dealt with promptly and the files are reviewed in a short time.

Recommendations to Local Governments

- a. In some districts, it was noted that the Internal Auditors were not attending the meetings of LGPAC. Local Governments, Chief Administrative Officers, in particular, should compel the internal audit department to attend the meetings by LGPAC.
- b. Reference Materials. There is a need to provide LGPAC members with up to date information aiding their operations. Such information may include; the Constitution of the Republic of Uganda, Public Financial Management Act 2015, Local Government Act (1997) and guiding regulations to aid them in performing their duties.
- c. Adequate facilitation for LGPAC. There is a need to provide adequate facilitation for the committee with comfortable office space; equipment; reference materials like relevant laws and regulations; and transport for investigations and field verification visits.
- d. Presentation of the Treasury Memoranda in council. The Ministry of Local Government Inspection Department should ensure that Local Governments comply with the requirement for regular presentation of the treasury memoranda in council.
- e. Amendment of the Local Governments Act (LGA) to provide for regional tribunals. The LGAs should be amended to create regional tribunals to handle issues arising from

PAC Reports. These tribunals should replace the regional accountability committees and would enforce recovery of lost government resources.

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