REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF LIRA REGIONAL REFERRAL HOSPITAL

FOR THE YEAR ENDED 30TH JUNE 2015
REPORT AND OPINION OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF LIRA REGIONAL REFFERAL HOSPITAL
FOR THE YEAR ENDED 30TH JUNE 2015

THE RT. HON. SPEAKER OF PARLIAMENT

Introduction

I have audited the accompanying financial statements of Lira Regional Referral Hospital for the year ended 30th June 2015. These financial Statements comprise of the statement of financial position as at 30th June 2015, statement of financial performance, statement of changes in equity, cash flow statement together with other accompanying statements, notes and accounting policies.

Management’s Responsibility for the Financial Statements

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of Lira Regional Referral Hospital. The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Financial Reporting Guide, 2008, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor’s Responsibility

My responsibility as required by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended), and Sections 13, 16 and 19 of the National Audit Act, 2008 is to express an opinion on these statements based on my audit. I conducted the audit in accordance with International Standards on Auditing. Those standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain evidence about the amounts and disclosures in the financial statements as well as evidence supporting compliance with relevant laws and regulations. The procedures selected depend on the Auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers
internal controls relevant to the entity’s preparation of the financial statements in order to
design audit procedures that are appropriate in the circumstances, but not for the purpose
of expressing an opinion on the effectiveness of the entity’s internal control. An audit also
includes evaluating the appropriateness of accounting policies used and the reasonableness
of accounting estimates made by management, as well as evaluating the overall
presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a
basis for my opinion.

Part “A” of my report sets out my unqualified opinion on the financial statements. Part “B”
which forms an integral part of this report presents in detail, all the significant audit findings
made during the audit which have been brought to the attention of management.

PART “A”

Unqualified Opinion
In my opinion, the financial statements of Lira Regional Referral Hospital as at 30th June
2015 are prepared, in all material respects, in accordance with the Financial Reporting Guide,
2008 and Section 51(3) of the Uganda Public Finance Management Act, 2015, of the Laws
of Uganda.

John F.S. Muwanga
AUDITOR GENERAL

14th December, 2015
PART "B"

LIRA REGIONAL REFERRAL HOSPITAL DETAILED REPORT OF THE AUDITOR GENERAL FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2015

1.0 INTRODUCTION
In accordance with Article 163(3), of the Constitution of the Republic of Uganda, I am required to audit and report on the public accounts of Uganda and of all public offices, including the courts, the central and the local government administrations, universities and public institutions of the like nature and any public corporation or other bodies or organizations established by an Act of Parliament. Accordingly, I carried out the audit of the Lira Regional Referral Hospital to enable me report to Parliament.

2.0 AUDIT OBJECTIVES
The audit was carried out in accordance with International Standards on Auditing and accordingly included a review of the accounting records and agreed procedures as was considered necessary. The audit was carried out with regard to the following objectives:-

a. To verify whether the financial statements have been prepared in accordance with the Uganda Public Finance Management Act of 2015, and fairly present the income and expenditures for the year and of the financial position as at the end of the year.

b. To verify whether all the entity funds were utilized with due attention to economy and efficiency and only for the purposes for which the funds were provided.

c. To verify whether goods and services financed have been procured in accordance with the PPDA Act.

d. To evaluate and obtain a sufficient understanding of the internal control structure of the entity, assess control risk and identify reportable conditions, including material internal control weaknesses

e. To verify whether management of the entity funds was in compliance with the Government of Uganda financial regulations.
f. To verify whether all necessary supporting documents, records and accounts have been kept in respect of all activities, and are in agreement with the financial statements presented.

3.0 AUDIT METHODOLOGY

The following audit procedures were undertaken:

a. Revenue
   Obtained all schedules of all revenues collected and reconciled the amounts to the entity’s cashbooks and bank statements.

b. Expenditure
   The entity’s payment vouchers were examined for proper authorization, eligibility and budgetary provision, accountability and support documentation.

c. Internal Control System
   Reviewed the internal control system and its operations to establish whether sound controls were applied throughout the period.

d. Procurement
   Reviewed the procurement of goods and services under the various department’s during the period under review and reconciled with the approved procurement plan.

e. Fixed Assets Management
   Reviewed the use and management of the entity’s assets during the period under review.

f. Financial Statements
   Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by management; as well as evaluating the overall financial statement presentation.
4.0 ENTITY FINANCING
Lira Regional Referral Hospital is financed by grants from the Central Government, donations and locally generated revenues from taxes, fees, licenses and charges. During the year, the hospital received grants totaling UGX.4,930,073,610 from the Central Government and UGX.37,336,328 from locally generated revenues realising total revenue of UGX.4,967,409,938 constituting 97% of its approved budget estimates of UGX.5,086,622,032.

5.0 DETAILED AUDIT FINDINGS
This section outlines the detailed audit findings, management responses thereof and my recommendations.

5.1 Under Staffing
The Hospital has an approved structure of 442 staff. However, out of the approved structure of 442 posts, only 307 positions were filled leaving 135 posts vacant representing 31% of the approved structure as shown in Appendix I.

The shortage of staff leads to underperformance and poor service delivery.

The Accounting Officer explained that recruitment plans are submitted annually to the Health Service Commission and this is done within the budget provision. He added that the hospital had got clearance to fill a few positions.

I advised Accounting Officer to liaise with the Ministries of Health, Public Service and Finance, Planning and economic Development and ensure that all the vacant posts are filled.

5.2 Abandonment of duty by a Medical Officer
Part (J-a) (31) of the Uganda Public Service Standing Orders 2010 states that a Public Officer, who is not sponsored by Government but has been granted study leave, shall be required to sign a bonding agreement with Government for three years after completion of the training course and the cost recovered in case of breach.
It was observed that an officer who had been sponsored by the Centre for Global Health to pursue a Masters of Medicine Degree in Radiology at Mbarara University of Science and Technology may have absconded. Besides, the officer was not bonded.

The Accounting Officer explained that the Human Resource Department is making a follow up with the Health Service Commission on Bonding Agreement and the letter granted study leave to the said officer before any further action can be taken against him.

I advised the Accounting Officer to follow up the matter.