

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF EAST AFRICA PUBLIC HEALTH

NETWORKING PROJECT- IDA CREDIT No: 56150-UG

FOR THE YEAR ENDED 30TH JUNE 2017

OFFICE OF THE AUDITOR GENERAL

UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF EAST AFRICA PUBLIC HEALTH NETWORKING PROJECT - No: 56150-UG
FOR THE YEAR ENDED 30TH JUNE 2017

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of East Africa Public Health Networking (EAPHLN) Project - No: 56150-UG for the period of 12 months ended 30th June 2017. These financial statements comprise the Statement of Income and Expenditure, the Statement of Fund balance for the year ended 30th June 2017, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 18.

In my opinion, the financial statements present fairly, in all material respects, the financial position of East Africa Public Health Networking Project as at 30th June 2017 and its financial performance and cash flows for the period then ended, in accordance with the International Public Sector Accounting Standards.

Basis of Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

I consider it necessary to communicate the following matter other than those presented or disclosed in the financial statements.

- **Shortfall in Government of Uganda Counterpart funding**

The Ministerial policy statement and the approved budget Estimates for the financial year 2016/17 show that Government planned to contribute UGX 350,000,000 towards the project during the financial year.

However, from the payments made by the Ministry, I observed that only UGX. 212,700,195 was spent on the EAPHLN project related activities leading to a shortfall of UGX 137,299,805.

Under funding of projects constrains implementation of planned project activities which can lead to loss of trust from the Development partners, hence suspension of further funding.

Management attributed the shortfall to low budget releases from Ministry of Finance, Planning and Economic Development (MoFPED), and that the available funds received were prorated equally among the projects in the ministry

I advised management should liaise with the Ministry of Finance Planning and Economic Development to ensure full funding to projects as agreed to ensure that all objectives are achieved as this restores development partners' confidence.

- **Project Implementation**

The progress report in the Financial Statements for the year indicates that out of the 26 target deliverables in the financial year, only 11 (42%) were achieved leaving 15 (58%) not achieved.

Further review of the Statement of Income and Expenditure revealed that the project utilised only 38% of the funds that were available in the financial year

Detail	Amount	Percentage
funds available in the year	1,909,242.02	100
funds utilized in the year	724,163.80	38%
unutilized funds	1,185,078.22	62%

The poor performance was attributed to delays in disbursement and approval processes

There is a risk that the entire project may lag behind hence leaving out certain deliverables in the long run.

Management attributed the delay to the fact that the project was new and to be set up in the World Bank system.

I urged management should liaise with the responsible stake holders to expedite execution of all the planned activities.

Management's Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the project's management either intend to liquidate the project or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, stylized flourish extending to the right.

John F.S. Muwanga
AUDITOR GENERAL

15th December, 2017