

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL

**ON THE FINANCIAL STATEMENTS OF EAST AFRICA'S CENTRES OF
EXCELLENCE FOR SKILLS AND TERTIARY EDUCATION IN BIOMEDICAL
SCIENCES - PHASE 1 (EAOI) PROJECT ID No. P-ZI-IBO-24, LOAN
No.21001500319962 (ADB-SUPPRT TO UGANDA CANCER INSTITUTE)
FOR THE FIFTEEN MONTH PERIOD ENDED 30TH JUNE 2017**

OFFICE OF THE AUDITOR GENERAL

UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF EAST AFRICA'S CENTRES OF EXCELLENCE FOR SKILLS AND TERTIARY
EDUCATION IN BIOMEDICAL SCIENCES - PHASE 1 (EAOI) PROJECT ID No.
P-ZI-IBO-24, LOAN No.21001500319962 (ADB-SUPPRT TO UGANDA CANCER
INSTITUTE) FOR THE 15 MONTH PERIOD ENDED 30TH JUNE 2017.**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying Financial Statements of East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (EAOI) Project ID No.P-ZI-IBO-24, Loan No.21001500319962 (ADB-Support to Uganda Cancer Institute) for the 15 month period ending 30th June 2017. These financial statements comprise the Statement of Financial Position, the Statement of receipts and expenditures, Statement of fund balance for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 18.

In my opinion, the financial statements of East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (EAOI) Project ID No.P-ZI-IBO-24, Loan No.21001500319962 (ADB-Support to Uganda Cancer Institute) for the 15 month period ending 30th June 2017 are prepared, in all material respects in accordance with section 51 of the Public Finance Management Act, 2015.

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 Project 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.

Key Audit Matters

Key audit matters are those matter that, in my professional judgment, are of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Matter

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

- **Revenue shortfall.**

The East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (EAOI) Project is aimed at addressing the crucial labour market shortages in Oncology sciences and Cancer Management in Uganda and the East African region in general. Analysis of the project budget performance revealed the following status:

S. No.	Source of Funding	Budgeted Revenue (a)	Actual Receipts (b)	Shortfall (a-b)	%age Shortfall
1	ADB	26,444,737,00	1,418,959,55	25,025,777,44	94.6
2	GoU	2,122,137,00	2,095,968,80	26,168,20	1.2
	Total	28,566,874,00	3,514,928,35	25,051,945,64	87.7

As a result of the shortfall in the revenue, planned key activities such as preparation of structural designs for the multipurpose building, capital works and related activities at the Uganda Cancer Institute (UCI) headquarters, connection of Mayuge to UCI data and voice network, and procurement of equipment for Mayuge and Arua satellite Cancer centers were not implemented. The shortfall from ADB was attributed to delays in; signing the loan agreement, approval of applications and issuance of no-objections.

In response, Management stated that the loan was delayed by Parliamentary and procurement approval processes coupled with lack of timely proof of land ownership for the construction site. Management further stated that the project implementation would be fast tracked when a contractor is procured in February 2018.

Management is advised to always ensure adequate prior preparation before loan agreements. In the meantime, necessary measures should be put in place to ensure successful implementation of the project as it will enhance treatment of cancer in the East African Community.

Responsibilities of the Accounting Officer 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 the Project.

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of the Public Finance Management Act, 2015 and the Financial Reporting Guide, 2008, 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, the Accounting Officer is responsible for assessing the Project's ability to continue delivering its mandate, disclosing, as applicable, matters related to delivery of services, unless Government either intends to discontinue the Project's operations, or has 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 Project'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 management's 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 Project's ability to deliver its mandate. 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 Project to fail to deliver its mandate.
- 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 management 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 management 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 management, 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 long, sweeping horizontal stroke extending to the right.

John F.S. Muwanga

AUDITOR GENERAL

11th December 2017

**REPORT OF THE AUDITOR GENERAL ON THE INTERNAL CONTROL
STRUCTURE OF EAST AFRICA'S CENTRES OF EXCELLENCE FOR SKILLS AND
TERTIARY EDUCATION IN BIOMEDICAL SCIENCES - PHASE 1 (EAOI) PROJECT
ID No. P-ZI-IBO-24, LOAN No.21001500319962 (ADB-SUPPRT TO UGANDA
CANCER INSTITUTE) FOR THE 15 MONTH PERIOD ENDED 30TH JUNE 2017**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the financial statements of East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (EAOI) Project ID No.P-ZI-IBO-24, Loan No.21001500319962 (ADB-Support to Uganda Cancer Institute) for the 15 month period ending 30th June 2017 as set out on pages 9 to 18. In planning and performing the audit, I considered the internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the financial statements.

In my opinion, no material reportable condition was observed as management had put in place a satisfactory internal control system and measures to ensure proper accountability for all project funds.

Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). 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 PSFU 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) 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.

Management's Responsibilities for the Internal Controls

Management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgment are required to assess the expected benefits and related costs of internal control structure policies and procedures.

Auditors' Responsibilities for the audit of the Special Account Statement

My examination was made in accordance with International Standards on Auditing (ISA) and accordingly included such tests of the accounting records, verification of assets and liabilities and such other auditing procedures I considered necessary in the circumstances.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- Control over preparation of withdrawal applications for funds from the Grant account
- Bank and cash
- Purchases and payments
- Monitoring, evaluation and reporting.

For all the internal control structure categories listed above, I obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation and I assessed control risk.



John F.S. Muwanga

AUDITOR GENERAL

11th December 2017

REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT OF EAST AFRICA'S CENTRES OF EXCELLENCE FOR SKILLS AND TERTIARY EDUCATION IN BIOMEDICAL SCIENCES - PHASE 1 (EAOI) PROJECT ID No. P-ZI-IBO-24, LOAN No.21001500319962 (ADB-SUPPRT TO UGANDA CANCER INSTITUTE) FOR THE 15 MONTH PERIOD ENDED 30TH JUNE 2017.

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the Special Account Statement of East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (EAOI) Project ID No.P-ZI-IBO-24, Loan No.21001500319962 (ADB-Support to Uganda Cancer Institute) for the 15 month period ending 30th June 2017 as set out on page 15.

In my opinion, the Special Account Statement of East Africa's Centres of Excellence for Skills and Tertiary Education in Biomedical Sciences - Phase 1 (EAOI) Project ID No.P-ZI-IBO-24, Loan No.21001500319962 (ADB-Support to Uganda Cancer Institute) gives a true and fair view of the operations of the project for the 15 month period ending 30th June 2017, in accordance with the terms of agreement and in conformity with the modified cash basis of accounting described in accounting policy 2(a) of the financial statements.

Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). 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 PSFU 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) 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.

Management’s Responsibilities for the Special Account Statement

Management of the project is responsible for the preparation and fair presentation of the special account statement on the basis of cash deposits and withdrawals for the purpose of complying with the credit Agreement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the special account statement that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ Responsibilities for the audit of the Special Account Statement

My objectives as required by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 19 of the National Audit Act, 2008, are to obtain reasonable assurance about whether the special account statement is 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 ISAs 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 this special account statement.



John F.S. Muwanga

AUDITOR GENERAL

11th December 2017

