

**OFFICE OF THE AUDITOR GENERAL**



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL**

**ON THE FINANCIAL STATEMENTS OF MANAGEMENT TRAINING AND  
ADVISORY CENTRE**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

**OFFICE OF THE AUDITOR GENERAL**

**UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS**  
**OF MANAGEMENT TRAINING AND ADVISORY CENTRE FOR THE**  
**YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

**THE RT. HON. SPEAKER OF PARLIAMENT**

**Opinion**

I have audited the accompanying Financial Statements of Management Training and Advisory Centre, which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2016, the Statement of Financial Performance, Statement of Changes in Fund and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 18.

In my opinion, the financial statements of the Management Training And advisory Centre for the year ended 31<sup>st</sup> December 2016 are prepared, in all material respects in accordance with 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 Entity 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 matters 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.

## **Emphasis of Matter**

Without qualifying my opinion, I draw your attention to the Payables and receivables figures in the financial statements:

- **Outstanding payables**

Review of the statement of the financial position and note 9 of the financial statements revealed a decrease in payables from UGX.1,229,894,000 of the previous year to UGX.906,473,000 in the current year implying a settlement of only 26% of the liabilities.

I noted that the aging schedule of the disclosed payables was not prepared contrary to chapter 8.1(w) of MTAC Finance and Accounting Manual 2015.

The absence of the aging schedule makes it difficult to analyse the composition of the payables.

The accumulation of payables was attributed to low level of revenue generation.

In response, management indicated that an aging schedule of payables had been prepared but on verification, it was confirmed missing.

Management is advised to prepare an aging schedule and settle the liabilities accordingly. In addition, revenue generation strategies should be put in place to enhance the income of the institution so as to settle the obligations.

- **Outstanding receivables**

Review of the statement of financial position and note 5 of the financial statements revealed that out of the receivables balance of UGX.677,343,281, a sum of UGX.558,752,751 relates to uncollected amounts of more than three previous years whose possibility of recovery is uncertain. Delayed collection of the debts impacts negatively on the institution's cash flow.

In response management indicated that a request to write off some of the previous years' debtors has been prepared and submitted to the Governing Council for consideration.

Management is advised to enforce the debt management policy which prescribes that students are supposed to have paid all fees dues before final examinations.

### **Other Matter**

In addition to the matter raised above, I consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements:

- **Programs and Centers without minimal number of students**

Review of the Council minute referenced 6/126/2016 of 21/8/2014 revealed that the center programs would only run with a minimum of fifteen participants. However, it was observed during the year under review that some programs were being offered without the minimum number of students. Notable among them were;

<b>S/no</b>	<b>No. of Programs</b>	<b>Centre</b>
1	15	Mbale
2	14	Nakawa
3	9	Iganga
4	5	Bushenyi
5	3	Ntungamo

In response management explained that the required minimum number of students to commence a program is always observed, however some students abandon the program during the study period. In such circumstances, the program cannot be discontinued as that would result into litigation thus damaging the image of the institution.

Management is advised to re-examine the programs and centers with a view to consolidation and rationalization thereof.

### **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 Entity

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of 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, the Accounting Officer is responsible for assessing the Entity's ability to continue delivering its mandate, disclosing, as applicable, matters related to delivery of services, unless Government either intends to discontinue the Agency'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 Entity'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 Entity'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 Entity 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.



John F.S. Muwanga

**AUDITOR GENERAL**

13<sup>th</sup> December 2017

