

**OFFICE OF THE AUDITOR GENERAL**



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL**

**ON THE FINANCIAL STATEMENTS OF MINISTRY OF HEALTH/CENTERS FOR  
DISEASE CONTROL AND PREVENTION HIV/AIDS GRANT NUMBER:**

**NU2GGH000645-04-04**

**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

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**OF MINISTRY OF HEALTH – US CENTERS FOR DISEASE CONTROL AND**  
**PREVENTION HIV/AIDS; GRANT NUMBER: NU2GGH000645-04-04**  
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**THE RT. HON. SPEAKER OF PARLIAMENT**

**Opinion**

I have audited the accompanying Fund Accountability Statement of Ministry of Health/Centers for Disease Control HIV/AIDS Project, which comprise the fund accountability statement and the notes to fund accountability statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 12.

In my opinion, the financial statements of the Ministry of Health/Centres for Disease Control HIV/AIDS Project for the year ended 31<sup>st</sup> March 2017 are prepared, in all material respects in accordance with appropriate policies supported by reasonable and prudent judgment and estimates in conformity with the provisions of the CDC terms of funding sub agreement and the governing clauses.

**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 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 further, I draw your attention to the domestic arrears, receivables, investment activities figures in the financial statements:

- **Revenue shortfall**

Review of the Fund Accountability Statement for the year showed that the Ministry's application for funding of the CDC project for the year under review was approved in full at USD.1,780,000 (UGX.5,997,585,400) to cater for salaries and wages, fringe benefits, equipment ,supplies, travel costs and others activities. However, only USD.274,797 (UGX.925,018,913) was received resulting into a shortfall of USD.1,505,203. (UGX 5,072,566,487). This resulted into non-implementation of most of the planned activities such as Salaries and wages, Fringe Benefits, Equipment, and Office Supplies.

The Accounting Officer attributed the anomaly to lack of a project implementation Unit and the technical staff to steer implementation of the planned activities. Management also explained that the Ministry was designated "a high risk entity" and subsequently put on a manual draw down system of payment which delays the processing of funds needed to implement the planned activities. It was further explained that the Ministry has since established a Project Coordination Unit (PCU) and planned activities are being implemented by a team of middle level officers recruited under the CDC-AFNET Mechanism.

I advised the Accounting Officer to fast-track the project implementation so that the intended objectives are achieved.

### **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 with appropriate policies supported by reasonable and prudent judgment and estimates in conformity with the provisions of the CDC terms of funding sub agreement and the governing clauses 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 the Donor 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 large, sweeping flourish extending to the right.

John F.S. Muwanga

**AUDITOR GENERAL**

12<sup>th</sup> December, 2017