



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
NATIONAL PLANNING AUTHORITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2017

OFFICE OF THE AUDITOR GENERAL
UGANDA

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LIST OF ACRONYMS

Acronyms	Meaning
NPA	National Planning Authority
GAR	Gross Annual Revenue
IPSAs	International Public Sector Accounting Standards
UGX	Uganda Shillings
USD	United States Dollars
PFMA	Public Finance Management Act, 2015

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NATIONAL PLANNING AUTHORITY
FOR THE YEAR ENDED 30TH JUNE, 2017

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of National Planning Authority for the year ended 30th June, 2017. These financial statements comprise of the statement of financial position as at 30th June 2017, statement of financial performance and cash flow statement for the year then ended together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements of the National Planning Authority for the year ended 30th June 2017 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act 2015, and the Financial Reporting Guide 2008.

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.

Key Audit Matter

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 were no key audit matters communicated in my report.

Other Matter

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

- **Failure to Implement the Budget as approved by Parliament**

Section 45 (3) of the Public Finance Management Act, 2015 states that “ An Accounting Officer shall enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a Financial year, submitted under section 13 (15)” of the said Act.

I observed that out of the budgeted revenue of UGX.22.530 billion, the entity received UGX.22.454 billion resulting into a shortfall of UGX.0.076 billion (0.5%). However, I noted that some of the planned outputs were not implemented as indicated in **Appendix 1 refers**. Service delivery is hampered and the appropriating authority’s objectives are not met.

Management should engage the relevant authorities and ensure that budget deficiencies are addressed so that all the allocated funds are released and all activities are implemented according to the budget as approved by Parliament.

- **Unfunded priority areas - UGX.9.215 billion**

I noted the authority could not undertake eight (8) of its priority areas worth UGX.9.215 billion due to resource constraints as per the table below. Included in the priorities are mandatory activities such as assessment of compliance of the annual budget and evaluation of NDP 1.

No	Priority area	Amount (Bns)
1	Recruitment of staff for the added mandate of certificate of compliance	1.667
2	Assessment of compliance of the annual budget	1.000
3	NDP I evaluation	1.000
4	UPE and decentralization evaluation	1.000
5	Repair of Planning house	1.000
6	Development of spatial plans	1.420
7	Creation of APRM Trust Fund & production of APRM assessment report	1.128
8	Annual progress reports.	1.000
	Total	9.215

My interaction with management revealed that the Authority implemented adhoc assignments such as restructuring/rationalization of government institutions, restructuring of wage in government, carrying out a feasibility study for iron ore, evaluation of government projects before implementation, evaluation of the revenue model for NTR among others without matching funds and a specialized team to implement the activities. The underfunding impacts negatively on the implementation of planned activities and the adhoc assignments.

Management should continue engaging treasury on the funding gaps.

- **Lack of Strategic Plans for MDAs**

Section 8 (1) of the National Planning Authority Act 2012, states that the Authority shall be the National Coordinating body of decentralized planning.

Section 8 (5) of the same Act states that a Ministry or a sector shall prepare a plan, and submit it to the Authority whose duty shall be to harmonize all plans for Ministries or Sectors for purposes of formulating a National Plan.

The Authority also uses the entity Strategic Plans to assess their individual performance. A review of the summary status of strategic plans submission by sectors and MDAs revealed that fifty three (53) entities lacked strategic plans. It was therefore difficult to confirm the basis applied by the Authority in assessing the entity's performance. In the absence of individual Strategic Plans, the entity may not be able adequately prepare the Sector Development and National Development Plans.

Management should utilize its mandate and ensure that all entities comply with the requirements of the Act.

Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of 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 Authority's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Authority, and using the Financial Reporting Guide 2008 unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Authority's financial reporting process.

Auditor's 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 the 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 judgment and maintain professional skepticism 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 our 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Authority'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 Authority 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 Accounting Officer 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 Accounting Officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with him/her 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 Accounting Officer, 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

KAMPALA

12th December, 2017

APPENDIX 1

Table 1: Budget performance

Appendix 1: Budget performance – un-implemented activities

Vote code	Item description	Budgeted Out put	Budgeted amount (bn)	Released amount (bn)	Unachieved Outputs	Management response
135101	Functional Planning Systems and Frameworks/plan	<ul style="list-style-type: none"> Development of 10 year perspective plan (2020/21-2030/3)- preliminary activities. Support integration of SDGs sector and LG planning, implementation and reporting frameworks. Support integration of population (Demographic Dividend) interventions & indicators into planning and reporting frameworks. Finalization of national human resource reporting frameworks. Development of National spatial Data infrastructure (NSDI) and system. Initiate Development of the Human Resource Plan. Development of National Spatial Data Infrastructure (NSDI). Finalization of National Development Planning regulation 	4.543	4.543	<ul style="list-style-type: none"> Support integration of SDGs sector and LG planning, implementation and reporting frameworks. Support integration of population (Demographic Dividend) interventions & indicators into planning and reporting frameworks. Development of National Spatial Data Infrastructure (NSDI). Finalization of National Development Planning regulation. 	<ul style="list-style-type: none"> This activity could not be carried out in the financial year 2016/2017 because no funds were allocated to it although it was already captured in the Ministerial Policy Statement. The activity was carried out in the FY 2016/17. A retreat on modeling for sector interventions and targets on demographic dividend was carried out and a report was made. The activity was carried out in the FY 2016/17. A draft Policy on NSDI is available. However, the activity is still ongoing. This activity was done and the regulations were finalized and are with the 1st parliamentary Council for approval and after, they will be submitted to Cabinet for approval.
135102	Functional Think Tank	<ul style="list-style-type: none"> Production of the sixth National Development Report (NDR) for FY 2015/2016. Production of the third certificate of compliance of the Annual budget for 2015/16. 	5.584	5.584	<ul style="list-style-type: none"> Development of the comprehensive assessment and expenditure tracking framework. Development of NDP research Agenda 	<ul style="list-style-type: none"> This activity could not be carried out in the financial year 2016/2017 because no funds were allocated to it although it was already captured in the Ministerial Policy Statement. This activity could not be carried out in the financial

Vote code	Item description	Budgeted Out put	Budgeted amount (bn)	Released amount (bn)	Unachieved Outputs	Management response
		<ul style="list-style-type: none"> Development of the comprehensive assessment and expenditure tracking framework. Preparation of project Development and appraisal framework. Finalization of the computerized NDP & M&E system. Preparation of the macroeconomic performance reports. Development of NDP research Agenda and Innovation framework. Preparation of the Vision 2040 and manifesto implementation and tracking framework. Development of four (4) policy papers. 			and Innovation framework.	year 2016/2017 because no funds were allocated to it although it was already captured in the Ministerial Policy Statement.
135103	Strengthening planning Capacity at National and LG levels	<ul style="list-style-type: none"> Training LGS and sector/MDAs on participatory Development Planning. Preparation of participatory Development Planning manuals for local governments. 	0.271	0.271	<ul style="list-style-type: none"> Preparation of participatory Development Planning manuals for local governments. 	<ul style="list-style-type: none"> This activity could not be carried out in the financial year 2016/2017 because no funds were allocated to it although it was already captured in the Ministerial Policy Statement.
135105	Finance and administrative support services	<ul style="list-style-type: none"> Institutional Capacity building (staff recruitment and career development). Improving working Environment (provision of office equipment, vehicles, etc.) Support oversight functions/activities of the Executive Board, ED, DPP, DED and 	7.949	7.949	<ul style="list-style-type: none"> Repairs and remodeling of the planning House. 	<ul style="list-style-type: none"> Consultancy services for remodeling were procured and obtained. However, repair works were not carried out due to unavailability of funds.

Vote code	Item description	Budgeted Out put	Budgeted amount (bn)	Released amount (bn)	Unachieved Outputs	Management response
		<p>Internal audit.</p> <ul style="list-style-type: none"> • Preparation of statutory reports and work plans (Accounts, Audits, NPA Annual report, MPS, BFPs, and quarterly progress). • Development and maintenance of a functional ICT environment for improved institutional efficiency and effectiveness through local Area network (LAN), staff appraisal and reporting system & website designing. • Support payment of staffs' contributions to professional bodies. • Repairs and remodeling of the planning House. 				
135172	Government building and administrative Infrastructure	<ul style="list-style-type: none"> • Refurbishing and Renovation of planning house the home of NPA. 	1.000	1.000	<ul style="list-style-type: none"> • Refurbishing and Renovation of planning house the home of NPA. 	<ul style="list-style-type: none"> • Structural Plans were developed. However, refurbishing and Renovation of planning house was not done due to unavailability of funds. NPA requires UGX.15bn for this undertaking. We wrote to MOFPED seeking for these funds.

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