



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**PARLIAMENTARY COMMISSION**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017**

**OFFICE OF THE AUDITOR GENERAL**  
**UGANDA**

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## LIST OF ACRONYMS

<b>Acronym</b>	<b>Meaning</b>
<b>MP</b>	Members of Parliament
<b>PFMA</b>	Public Finance Management Act
<b>ISSAI</b>	International Standards of Supreme Audit

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PARLIAMENTARY COMMISSION  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017**

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

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

I have audited the financial statements of Parliamentary Commission for the year ended 30<sup>th</sup> June 2017. These financial statements comprise of the statement of financial position, the statement of financial performance, and cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements of Parliamentary Commission for the year ended 30<sup>th</sup> 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 Statement's section of my report. I am independent of the Commission 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.

## **Other Matter**

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

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

I observed that out of the budgeted revenue of UGX.528.2bn, the entity received UGX.524.1bn resulting into a shortfall of UGX.4.1 bn (0.8%). I noted that some of the planned outputs were not implemented as indicated in **Appendix. I.**

Service delivery is hampered and the appropriating authority's objectives are not met under the circumstances.

- **Payment for vehicles to Members of Parliament (MPs)**

I noted that UGX.85.7bn was spent as the first instalment to the Members of Parliament as allowance for vehicles. Funds totalling to UGX.0.3bn were paid as vehicle facilitation to two Members of Parliament whose elections were contested and eventually lost both the petitions and the bye-election.

This expenditure of UGX.0.3bn is regarded nugatory as it was caused by absence of a policy regarding the payment for vehicles to Members of Parliament.

I also noted that at the time of writing this report there were thirty six (36) election petitions for MPs, which if lost in court and in the by-elections to the incumbent members, would result into future nugatory expenditure of UGX.7.2bn.

## **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 Ministry.

The Accounting Officer is also 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 Commission's ability to continue delivering its mandate, disclosing, as applicable, matters

related to affecting the delivery of the mandate of the Commission, 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 Ministry'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 Ministry'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 Ministry'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 Ministry 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 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

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

## APPENDIX 1

### Budget Performance

Vote function output	Item description	Planned outputs/Quantity	Amount budgeted (Billions UGX )	Amount released (Billions UGX)	Unachieved Outputs	Management Response
Project 0355: Rehabilitation of Parliament	155172 Government Buildings and administrative infrastructure	Carry out works on the construction of the new chamber, additional offices, and hall of honor and modification of the existing chamber and Consultancy Services	16.320	12.239	Construction of the chambers had not started and funds totalling to UGX. 10,036,815,000 were moved to project account (Democratic Governance Facility-Parliament Of Uganda).	<p>The process for procuring the contractor dragged on for a long time due to interference by the whistle blowers.</p> <p>However, the procurement process was completed and the contract for the construction awarded to Roko Construction Ltd towards the end of the financial year 2016/17.</p>
	155175 Purchase of motor vehicles and other Transport equipment.	Procure Station Wagon vehicles for the Parliamentary Commission Secretariat, and Two Directors (Leader of the Opposition Department and Administration and Transport Logistics Department)	1.575	1.575	Procurement of vehicles was not undertaken	<p>The procurement process was initiated way back in November, 2016 and Toyota (U) ltd emerged as the best evaluated supplier for the said vehicles. However, without any reasons Toyota Uganda Ltd declined to sign the contract. Given the circumstances, no further commitment could be made in respect to this procurement and as a result the procurement was cancelled.</p>
	155177 Purchase of specialized machinery and equipment.	Acquisition of machinery Public address / recording system for chamber, PABX system upgrade, Mobile Network access upgrade - Phase 2, Fixed network infrastructure upgrade, Library security system and Servers	3.627	3.627	Acquisition of machinery Public address / recording System for chamber was not done.	<p>The contract for the supply and installation of the public address / recording system was awarded in financial year 2017/2018 to Mantra Technology Ltd. The delivery and installation process is expected to be completed by the end of December, 2017.</p>

**FINANCIAL STATEMENTS**