



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2017**

OFFICE OF THE AUDITOR GENERAL
UGANDA

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LIST OF ACRONYMS

Acronym	Meaning
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
MoW T	Ministry of Works and Transport
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning and Economic Development
TAI	Treasury Accounting instructions
PFMA	Public Finance Management Act, 2015
IFMS	Integrated Financial Management System
PS-ST	Permanent Secretary /Secretary to Treasury
PPDA	Public Procurement and Disposal of Assets
UGX	Uganda Shillings

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS 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 PPDA for the year ended 30th June, 2017. These financial statements comprise of the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements present fairly in all material respects the financial position of PPDA as at 30th June, 2017 and its financial performance and cash flows for the year then ended in accordance with Section 51 of the Public Finance and 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 organization 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, were 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

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.

- **Failure to implement the budget as approved by Parliament**

Section 45 (3) of the PFMA, 2015, states that the Accounting Officer shall enter into an annual performance contract with the Secretary to Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan for the vote for the financial year submitted under section 13 (15) of the said Act.

I observed that out of the budgeted revenue of UGX.11.959 billion, the entity received UGX.11.513 billion resulting into a shortfall of UGX.0.446 billion (4%). Further, I noted that some of the planned outputs were not implemented because the funds were released late. Service delivery is hampered and the appropriating authority's objectives are not met. The shortfall affected funding of recurrent activities like undertaking procurement audits, capacity building programs and staff training as shown in **appendix 1**.

Management should continue liaising with MOFPED to ensure that the amounts appropriated are released timely to enable implementation of planned activities.

Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the PPDA Act, 2003 and International Financial Reporting Standards on Accrual basis of accounting and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the or to cease operations, or have no realistic alternative but to do so.

The Accounting Officer is responsible for overseeing the 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 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 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.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, stylized flourish extending from the end of the signature.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

12th December, 2017

APPENDIX 1

Vote function	Output /Item description	Planned outputs/Quantity	Amount (UGX) budgeted	Amount spent (UGX)	Unachieved outputs	Management responses
1225- 145672-312101:-	PPDA Home development	<ul style="list-style-type: none"> • PPDA Home development 	1,710,000,000	176,837,500	<ul style="list-style-type: none"> • PPDA Home development 	The funds could not be utilized due to delays in the securing approval of the building designs, delay in procurement of the supervision consultant and contractor. All these were secured in late June 2017 when it was too late to utilize the funds. The contract has now been signed.
1225- 145675-312101:-		<ul style="list-style-type: none"> • No planned activity 	-	232,000,000	<ul style="list-style-type: none"> • Purchase of motor vehicles, • Purchase of Motor cycle • Purchase of motor vehicle tracking 	The Authority undertook a budget virement process which catered for the purchase of motorcycle and motor vehicles.
1225- 145676-312202:-		<ul style="list-style-type: none"> • 12 computers. • 10 tablets. Heavy duty projectors. • purchase of PABX. • Shredder. • Software purchase (MS Office 2013. • Oracle. • EDMS & Risk Management 	333,000,000	99,137,500	<ul style="list-style-type: none"> • Installation of Network Storage • desktop computer HP pro desk 400 G3 MT Intel core i5-6500 • Supply & installation of 20 KVA UPS • Network Fiber Connectivity for PPDA Towers to Home • Supply of wireless router for Gulu regional office • Supply of two Hitachi water dispensers • Replacement of faulty camera at PPDA towers • Purchase of telephone handset • Purchase of 48 port 	<p>The desktops, PABX, UPS etc were in the approved plan of the Authority.</p> <p>Network storage that was not on the original plan but was catered for under budget virement.</p> <p>The payment in this regard was a balance of the contract that was signed in May 2016, but the vendor was not able to supply all the equipment before the end of the financial year.</p> <p>In order to clear this obligation, the Authority</p>

					<ul style="list-style-type: none"> network switch • 1 Paper shredders instead of 2. • 1 Duty Projector instead of 4 	carried out a reallocation.
1225- 145678-312203:-	Furniture and Fittings	<ul style="list-style-type: none"> • 20- Office furniture and fixtures 	45,000,000	22,000,000	<ul style="list-style-type: none"> • New main water supply pipeline at PPDA home. • Water equipment for Gulu regional office. 	The items being referred to were part of our approved budget. These were broadly defined under furniture and fittings.

FINANCIAL STATEMENTS