

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL

**ON THE FINANCIAL STATEMENTS OF THE ATOMIC ENERGY COUNCIL FOR THE
FINANCIAL YEAR ENDED 30TH JUNE 2017**

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**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE ATOMIC ENERGY COUNCIL FOR THE YEAR ENDED 30TH JUNE 2017**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of the Atomic Energy Council (AEC) for the financial year ended 30th June 2017. These financial statements comprise the Statement of Financial Position as at 30th June 2017, the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 1 to 11.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the AEC as at 30th June 2017 and its financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards (IFRS).

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 Council 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 note 8 in the financial statements:

- **Outstanding Receivables**

Included in the receivables balance of UGX.41,866,000, are debts that have been outstanding for a period ranging from 60 days to 2 years. There was no evidence that management had taken any measures to enforce recovery of the debts. It was also noted that management lacked a comprehensive policy on debt recovery. In the circumstances, the entity is exposed to the risk of loss of revenue.

In response, management stated that efforts had been made to recover the debts however licensees indicated inability to settle the debts due to the non-functional x-ray equipment from which they generate income. In other cases licensees had relocated to unknown destinations and yet the invoiced amounts had been recorded in the books already.

I advised management to strengthen the enforcement mechanisms in order to recover the outstanding debt, and where inevitable write off the debts in accordance with the debt management policy. Meanwhile a comprehensive debt management policy prescribing the maximum period for outstanding debts should be prepared and enforced.

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:

- **Budget Performance**

Review of the expenditure budget for the year ended 30th June 2017, revealed that out of the Council's budget of UGX.8,285,686,650, only UGX.4,900,247,50 was realized, resulting into a short fall of UGX.3,385,439,150 (41%) .

As a result, key activities such as staff recruitment, capacity building, Radiological Emergency Preparedness & Response, Inspection and authorisation of facilities were not implemented.

In response, management stated that the council requires a vote status to enable it negotiate with the Ministry of Finance Planning and Economic Development (MoFPED) for funding. This is in line with the International Atomic Energy Agency (IAEA) which requires government to provide sufficient financial resources to the AEC. They added that communications have been made to MEMD and MoFPED in regard to additional funding.

I advised management to follow up the matter of funding with the relevant stakeholders, to ensure that adequate resources are provided to enable council execute its mandate.

- **Absence of a portal monitor to detect radiations on imported goods**

The Atomic Energy Regulations (2012) section 105 provides that a person imports radioactive materials shall monitor the arrival of any shipment or part of a shipment to its destination where acknowledgement is received in accordance with regulation 105 and shall carry out an investigation regarding the status of the shipment or part shipment. Additionally Section 106 states that the person shall make a report to the Atomic Energy Council. However, it was observed that the council lacked portal monitors that could enable it detect radioactive materials at the border crossings independently.

This implies that the council can only relies on the reports of the person undertaking the transportations of radioactive materials. There is a risk of radio-active materials entering the country without detection and this could potentially cause a health hazard to the population and the environment

In response, management explained that the council had budgeted for the acquisition of the portal monitors to be installed at major points of entry especially Malaba, Busia, Mpondwe, Entebbe International Airport, Mutukula in FY 2017/2018.

I await the outcome of management's actions in this regard.

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 council.

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of the International Financial Reporting Standards (IFRS) and for such internal control 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 council's ability to continue delivering its mandate, disclosing, as applicable, matters related to delivery of services, unless Government either intends to discontinue the council'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 council'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 council'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 council 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.F.S. Muwanga', with a large, stylized flourish extending to the right.

John F.S. Muwanga

AUDITOR GENERAL

15th December, 2017