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**THE REPUBLIC OF UGANDA**

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

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

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**UGANDA BUREAU OF STATISTICS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017**

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

**REPORT ON THE FINANCIAL STATEMENTS**

**Qualified Opinion**

I have audited the financial statements of the Uganda Bureau of Statistics 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements of the Uganda Bureau of Statistics 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 for Qualified Opinion**

• **Mischarge of Expenditure – UGX.289,895,041**

The entity charged wrong expenditure codes to a tune of UGX.289,895,041. This constitutes 0.58% of total expenditure of UGX.49,848,015,770. Mischarge of expenditure impacts on the credibility of the financial statements, since the figures reported therein do not reflect the actual amounts expended on the respective items.

Management acknowledged the observation and committed to charge all expenditure to the right approved budget lines to the extent possible.

I advised the Accounting Officer to adhere to budgetary provisions to avoid such a practice and seek authority to reallocate in case of need.

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 Bureau 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 (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Uganda, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 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**

The entity expected to receive UGX.56,638,460,693 as grants from the Government for the year under review, however, only UGX.49,848,015,770 was released creating a shortfall of UGX.6,790,444,923. As such, some targets were partially implemented or not achieved at all. **Appendix I refers.** Service delivery is hampered and the appropriating authority's objectives are not met.

Management explained that some of the items performed but others were carried forward into the new financial year for completion because of resources.

I advised the Accounting Officer to continue liaising with the Ministry of Finance Planning and Economic Development to ensure that the amounts appropriated are availed and used to implement planned activities.

- **Transfer of Funds to Staff Personal Accounts**

Sections 227, 228 and 229 of the Treasury Accounting Instructions (TAI) 2010, require the Accounting Officer to make all payments directly to the beneficiaries. Where this is not convenient, an imprest holder should be appointed by the Accounting Officer with the approval of the Accountant General.

It was noted that UGX.854,238,457 was transferred to staff personal accounts to undertake various activities contrary to the provisions in the TAI. Such a practice exposes government funds to a risk of loss through misappropriation, since the Bureau does not have any control over such funds deposited on personal bank accounts.

Management acknowledged the challenge and noted that most times it's unavoidable given the nature of the entity activities. The activities involves collecting data in the field and when doing so, the field staff get facilitation in form of perdiem, fuel for hard to reach areas, guides allowance for LC1 who are not on IFMS.

I advised the Accounting Officer to minimize transferring funds to staff personal accounts and adhere to the requirements of the Treasury Accounting Instructions regarding the payments made directly to the beneficiaries.

- **Theft of the entity motor vehicle**

A Motor vehicle registration number UG 0455F Toyota Land cruiser valued at UGX.300 million belonging to UBOS was stolen on the night of 12<sup>th</sup> April 2016 at UBOS parking yard in Kampala. The matter was reported to police and later referred to the courts of law. This vehicle has never been recovered to date.

It was noted that the theft occurred due to weak internal controls over the custody of the motor vehicle keys. According to the court ruling, it was evident that custody of the motor vehicle keys were with the private security guards belonging to Ultimate Security Limited and under such circumstances, management should have held Ultimate Security Limited liable for the loss since its personnel were directly involved in the theft. I noted however that there was no evidence to confirm management's actions on the matter. There is a risk that other assets of the entity are exposed to theft.

Management explained that since that incidence, they have instituted controls like surveillance cameras and strengthening it more by installing motor vehicles tracking systems in the vehicles and also redesigned all car keys to be taken to the security office directly than first leaving them at designated place at the gate as it used to be. UBOS is now pursuing compensations for the lost vehicle in a case with Ultimate Security Limited and this matter is before the Solicitor General.

I advised the Accounting Officer to strengthen controls over management of its premises and assets. In the meantime, I await management action on the matter.

- **Non deduction of income tax on allowances**

Section 19 1 (a) of the Income Tax Act states that any other allowance which is not paid under employment but is incurred in the performance of duties should be subject to a 30% charge as provided in the schedules.

It was noted that the entity paid UGX.31,175,000 as sitting allowance to its staff after undertaking official activities but did not deduct and remit income tax amounting to UGX.9,352,500 as required by the tax Act . This exposes the Bureau to unnecessary fines and penalties that may be imposed by tax Authority.

Management acknowledged the observation and the recovery process has commenced.

I advised the Accounting Officer to deduct and remit the taxes from the beneficiaries to URA.

### **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 Bureau's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Bureau, 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 Bureau'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 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 above the name.

John F.S. Muwanga

**AUDITOR GENERAL**

KAMPALA

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

**Appendix 1: Budget performance**

<b>Item Description</b>	<b>Planned Output Policy Statement</b>	<b>Approved estimate (UGX) bn</b>	<b>Payment file IFMS (UGX) bn</b>	<b>Un achieved output</b>	<b>Management response</b>	<b>Audit remarks</b>
145502 Population and Social Statistics Indicators	<ul style="list-style-type: none"> <li>• UNPS wave progress report</li> <li>• Dissemination manpower survey report</li> <li>• Unemployment module in districts</li> <li>• Informal Business module</li> </ul>	6,827 bn	6,824 bn	<ul style="list-style-type: none"> <li>• The dissemination of the man power survey was not performed.</li> <li>• There were no payments made to the unemployment module hence activity not done.</li> </ul>	<ul style="list-style-type: none"> <li>• Manpower survey dissemination was done though its implementation crossed through the first months of FY 2017/18.</li> <li>• The man power report incorporated a module of unemployment.</li> </ul>	Management did not provide any evidence to support dissemination of the manpower survey.
145506 Statistical Coordination and Administrative Support services	<ul style="list-style-type: none"> <li>• Develop and maintain a good working environment that attract, utilizes, develops and retains a competent and committed workforce</li> </ul>	0.805 bn	0.405 bn	<ul style="list-style-type: none"> <li>• The activities planned and the outputs produced in the performance report were not quantified.</li> </ul>	The activities are supportive in nature whose contribution can be measured over time	The activities were not quantified.
145572 Government Buildings and Administrative structures	<ul style="list-style-type: none"> <li>• Entebbe offices preparations for shifting the current data processing center, Repair of cracking buildings at statistics house</li> </ul>	5.0bn	1.7bn	<ul style="list-style-type: none"> <li>• Management had planned to undertake the ground breaking for the Entebbe complex, however this was not done</li> </ul>	Though there were several un anticipated bureaucratic delays, the outline design report was completed and ground breaking is expected once the contractor is secured	The ground breaking was not done.
145575 Purchase of Motor vehicles and other transport Equipment	<ul style="list-style-type: none"> <li>• Vehicles for operations procured</li> </ul>	2,090 bn	2,090bn	<ul style="list-style-type: none"> <li>• The payments were appropriately charged and all the funds were utilized.</li> </ul>		No response was provided.
145576	<ul style="list-style-type: none"> <li>• Develop and maintain a</li> </ul>	0.130bn	0.130bn	<ul style="list-style-type: none"> <li>• The bureau</li> </ul>	The software was Supply	No evidence of the

Purchase of Office and ICT Equipment, including software	good working environment that attract, utilizes, develops and retains a competent and committed workforce			purchased the PA system, however there was no payment made for acquisition of the software.	of Redgate SQL	software supply was provided.
145578 Purchase of Office and Residential Furniture and Fittings	<ul style="list-style-type: none"> <li>Develop and maintain a good working environment that attract, utilizes, develops and retains a competent and committed workforce</li> </ul>	0.43 bn	0.43bn	<ul style="list-style-type: none"> <li>Funds allocated on this vote function were appropriately utilized as per the policy statement. However, it could not be quantified</li> </ul>	Funds were appropriately spent though could not be quantified.	Every planned activity should be measurable.
145502 Population and Statistics Indicators	<ul style="list-style-type: none"> <li>Sectoral and District Census analysis report</li> <li>National and District Census dissemination report.</li> </ul>	5,580bn	3,104 bn	<ul style="list-style-type: none"> <li>The census analysis report and census dissemination report were prepared. However these were delayed since they were planned for Q1 but executed in Q3 and Q4.</li> </ul>	There was a general low funds release in quarter 1 and 2. This impacted on the timeline of the observed activities but recovery was done in the subsequent quarters and implementation was done as planned	No evidence was provided for activities implemented.

**FINANCIAL STATEMENTS**