

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL

**ON THE FINANCIAL STATEMENTS OF UGANDA NURSES AND MIDWIVES
COUNCIL**

FOR THE YEAR ENDED 30TH JUNE 2017

OFFICE OF THE AUDITOR GENERAL

UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF UGANDA NURSES AND MIDWIVES COUNCIL FOR THE
YEAR ENDED 30TH JUNE 2017

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the financial statements of Uganda Nurses and Midwives Council set out on pages 7 to 20 which 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Uganda Nurses and Midwives Council as at 30th June 2017 and its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Reporting Standards and the requirements of the Uganda Nurses and Midwives Council Act, 1996.

Basis of Qualified 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.

Emphasis of Matter

Without qualifying my opinion, I draw your attention to the following matters in the financial statements:

- **Increase in Receivables**

According to the Statement of Financial Position as at 30th June 2017 a balance of UGX.313,130,362 was reported as receivables, representing an increase of UGX.263,024,850 (52%) from the previous year balance of UGX.50,105,512.

This was attributed to failure by the Council to collect professional license renewal fees from members.

Receivables lock up cash that would be used for implementation of Council activities.

Management indicated that it would put in place mechanisms of reinforcing the regional satellite centres in collection of professional license renewal fees.

I await the outcome of Management's action in the subsequent financial year.

- **Excess Expenditure**

Section 17(2) of the Nurses and Midwives Act, 1996 requires that no expenditure shall be made out of the funds of the Council unless that expenditure is part of the expenditure approved by the Minister under estimates for the financial year in which that expenditure is to be made or in estimates supplementary to that year's estimates.

I noted that the Council spent an amount of UGX.54,120,826 to pay gratuity against a budget of UGX.38,622,325, creating an excess of UGX.15,498,501 over the approved estimates.

Spending beyond the budget without authority is irregular and also affects the implementation of other planned activities.

Although Management explained that authority was sought and given, I was not provided with evidence to confirm the assertion.

Management should ensure that the entity's expenditures are within the budget, and when necessary authority to spend over the approved budget should be sought from the Ministry.

Other Matter

In addition to the matters raised above, I consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements:

Un-updated Fixed Assets Register

Review of the fixed assets register showed that land and buildings were not posted to the register and data on fields like original cost, invoice number, condition, asset number (inscribed by UNMC) and net book value, were not filled for most of the assets.

Failure to record fixed assets renders them prone to misstatements in the statement of financial position and exposes the assets to misappropriation or misuse.

Although Management explained that the updated asset register was available, it was still found incomplete.

The Accounting Officer should ensure that the fixed assets register has complete information and is regularly updated.

Staffing Gaps

Out of the 45 approved posts in the establishment, only 21 (47%) were filled leaving 24 (53%) vacancies, some of the key vacant positions were 12 Regional supervisors and 2 senior technical managers.

Understaffing overstretches the available staff beyond their capacity, creates job-related stress to the few staff and negatively affects the level of public service delivery

Management indicated that a request for recruitment of 17 staff was been sent to the Permanent Secretary of the Ministry of Health.

I await the results of Management's efforts in this regard.

Council's Responsibilities for the Financial Statements

The Uganda Nurses and Midwives Council is responsible for the preparation of Financial Statements which give a true and fair view of the state of affairs of the Council. The Council is also required to keep proper accounting records that disclose with reasonable accuracy the Council's financial position and performance.

The Council is also responsible for the preparation of Financial Statements using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International public Sector Accounting Standards (IPSAS) and the requirements of the UNMC Act.

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.



John F.S. Muwanga
AUDITOR GENERAL

20th December 2017

