

**OFFICE OF THE AUDITOR GENERAL**



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL**

**ON THE FINANCIAL STATEMENTS OF UGANDA WILDLIFE AUTHORITY**

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

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**UGANDA**

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

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

**Opinion**

I have audited the accompanying Financial Statements of Uganda Wildlife Authority, which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in the wildlife fund, Statement of Cash Flows and Notes to the financial statement including a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 27.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Uganda Wildlife Authority as at 30<sup>th</sup> June, 2017, and of its Statement of comprehensive income for the year then ended, in accordance with the Uganda Wildlife Act Cap 200 and in conformity with the accounting policies stated in the notes to the financial statements and the International Financial Reporting Standards.

**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 Authority 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:

- **Weaknesses in concession management**

Section 14 (1) of the Uganda Wildlife Act provides that the Executive Director may, with the approval of the board, enter into any suitable commercial or collaborative arrangements with any person for;

- (a) The management of a protected area or a portion of the protected area;
- (b) The provision of services and infrastructure in a protected area; or
- (c) The management of a species or a class of species of animals or plants.

However, a review of the monitoring reports regarding concession management revealed major breaches of the terms by the concessionaires as outlined below;

- **Failure to submit concession plans and non-commencement of operations**

Clause 3.6 required the concessionaire to prepare and submit an operating plan within three months of the signing of the agreement that would include standards of maintenance and upkeep of the tourism facilities operated by the concessionaire. I however observed that six Concessioners have neither submitted plans nor started operating since they signed the contract agreements. An analysis indicated that the delay ranges from 2-11 years. This was attributed to failure by management to carry out due diligence before awarding concessions, poor contract management and failure to enforce UWA's rights in the agreement. Delayed commencement of operations by the concessionaires hinders revenue generation for the Authority.

In response, management attributed the non-performance to the concessionaires' inadequate financial base and loss of interest thereof. It was further indicated that in

future extensive due diligence would be undertaken before signing agreements with applicants.

Management is advised to review performance of all the concessions and take necessary action as prescribed in the agreements.

- **Outstanding Concession revenue**

Clause 2.2 of the concession agreements requires a commitment fee to be paid on the signing of the agreement, a fixed fee to be paid in advance for the year in which it applies and a variable fee to be paid quarterly in arrears starting with the commencement of the agreement. In addition clause 2.8 of the agreements requires interest rate to be levied on the overdue amounts if any amount remains unpaid for the last 30 days after the due date. Examination revealed that the authority had uncollected revenue amounting to \$209,546 at the close of the financial year under review contrary to the terms of the concession agreement. Delayed revenue collection could result in bad debts and eventual financial loss to the Authority.

Management should enforce collection of all outstanding concession debts together with applicable interest.

- **Irregular operations of a concessionaire**

UWA signed a concession agreement with Inns of Uganda on 8<sup>th</sup> December 2005 for 10 years. The concession was for the development of structures, buildings, equipment and other developments. According to the agreement, the concessionaire was supposed to pay a fixed fee of \$5,000 and variable fee per visitor bed nights. However audit inspection revealed the following matters;

- Whereas the concession expired on 9<sup>th</sup> Dec 2015, the concessionaire continued to collect revenue without a legal agreement with UWA to date.
- There were no records regarding the number of bed nights that were maintained by UWA since the expiry of the agreement that would be reconciled with the concessionaire records. UWA's invoicing system was only based on the concessionaire's submitted records.

- The general maintenance of all the structures had deteriorated. The anomalies are attributed to weak management of the concession.

Management is advised to review the operation of this particular concession and enforce recovery of the outstanding revenue. Further, management and supervision of the concessions should be strengthened without delay.

- **Funds not accounted for**

Paragraph 27 of UWA Financial Procedural Manual, 2016 requires accounts and records to be kept to ensure that all monies received are properly accounted for, payments are correctly made and properly authorized and that adequate control is maintained over assets and liabilities. However, UGX.147, 927,741 incurred on various activities remained outstanding at the year end. This was attributed to management weaknesses in enforcing timely accountability. Delayed accountability may result into falsification of documents.

Whereas management stated that all funds had been accounted for, verification confirmed the sum as outstanding. Management is advised to ensure that the outstanding accountability is made or else recover the funds from the concerned staff.

- **Non remittance of Revenue to Local Authority**

The Uganda Wildlife Act Cap 200 Laws of Uganda, 2000 requires that 20% of all park entry fees collected from a wildlife protected area should be paid to the local government of the area surrounding the wildlife protected area. However, audit inspection of lake Mbuho conservation area revealed that an accumulated amount of UGX.634,178,736 representing 20% of entry fees collected had not been remitted to Kiruhura District Local Government at the close of the financial year. In response, management attributed the anomaly to failure by the district to provide accountability for the previous remittance.

Management should liaise with the district leadership and the relevant stakeholders to ensure the necessary accountability and disbursements are made without further delay.

- **Lack of contract committee minutes**

Regulation 16(1) of PPDAR (PDEs), 2014 requires the secretary of a Contracts Committee to record the minutes of meetings of the Contracts Committee. However audit noted that contracts worth UGX 395,337,300 were awarded without evidence of contracts committee meetings as there were no corresponding minutes. The practice exposes procurements to the risks of; collusion, award to unsuitable providers, obtaining uncompetitive prices and supply of substandard products or services.

In response, management attributed the lack of formal contracts committee meetings to lack of quorum.

Management is advised to always ensure that decisions of the contract committee members are in accordance with the procurement regulations. In the meantime the Accounting Officer should investigate the probity of the procurements.

- **Direct procurement of Air Tickets**

The Authority procured air tickets totalling UGX.422,191,632 for staff travelling abroad for official duties using the direct procurement method without due justification. Lack of competition in procurement denies the organisation the opportunity to purchase the tickets at competitive prices.

Management attributed the anomaly to practical challenges in procurement of air tickets and further explained that consultations with PPDA were ongoing.

Management should always ensure that procurements are made competitively as this may result in saving public funds.

### **Board of Trustees Responsibility for the financial statements**

The Board of Trustees of Uganda Wildlife Authority is responsible for the preparation and fair presentation of the financial statements in accordance with International

Financial Reporting Standards and in a manner required by the Uganda Wildlife Authority Act Cap 200. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **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 Authority'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 Authority'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 Authority 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. Muwanga', with a large, sweeping flourish extending to the right.

John F.S. Muwanga

**AUDITOR GENERAL**

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