



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**JLOS-SWAP PROGRAMME**  
**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**  
**JLOS-SWAP PROGRAMME**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017**

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

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

I have audited the financial statements of the JLOS-SWAP Programme 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, the financial statements present fairly, in all material respects, the financial position of the Justice Law and Order Sector (JLOS) SWAP Development Fund as at 30<sup>th</sup> June, 2017 and its financial performance for the year then ended in accordance with the requirements of the Public Finance Management Act, 2015 and the accounting policies stated under note 1(a) to the financial statements and the Funding Agreement.

**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 Statement's section of my report. I am independent of the Programme Management 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 attention to the following matter described in notes 24 and 25 of the financial statements.

- **Shortfall in Project planned revenue - UGX.6,053,467,456:**

I observed that out of the budgeted revenue of UGX.45,400,000,000, the entity received UGX.39,346,532,544 (86.7%) resulting into a shortfall of UGX.6,053,467,456 (13.3%). Inadequate release of funds affected funding to the 18 implementing agencies thus leading to failure to implement planned activities.

Management explained that the Sector has engaged MoFPED on the issue and a new sector development plan developed and launched. The plan has been costed within the MTEF for the next three years. The sector has also engaged the development partners who have confirmed funding for the SDPIV. The donors that have committed funding to the SDPIV include the EU, Netherlands, Austria, Sweden, UNICEF and UNDP.

I advised Management to continue engaging the relevant stakeholders and ensure that budget deficiencies are addressed so that allocated funds are released.

## **Other Matter**

I consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements:

- **Increase in case backlog in the Judiciary**

A review of planned output on case backlog handling indicated that case backlogs increased by 12.8% overall. Instead of the expected reduction, I noted that outstanding cases by the end of financial year 2016/17 were 133,820 compared to previous year's case backlogs of 118,677. The objective of reducing case backlogs in the judicial system has therefore not yet been achieved. Besides, the escalating case backlog negatively impact on the achievement of the Judiciary mandate.

Management explained that the Judiciary has been working with the other sector institutions on reduction of the case backlog though they are they have a challenge of understaffing in the Judiciary.

I advised Management to put in place special court sessions aimed at clearing the case backlog.

- **Unutilised JLOS Community Centre at Lamwo**

A contract for Construction of the JLOS Community Centre at Lamwo was awarded to a construction company at a sum of UGX.1,418,572,128 in the financial year 2011/2012. During the year a balance of UGX.215,415,788 was paid to the contractor as final certificate for substantial completion of works undertaken. I noted that the project was completed however there has been no official handover of the facility and the building has remained unoccupied and abandoned. Failure to utilise the facility undermines the objective for which the facility was constructed. Besides, non-utilization of the facility may lead to deterioration.

Management explained that the project was handed over in 2015 and awaits the official commissioning. The contractor has also been informed to process the occupations permits.

I advised Management to ensure that the centre is put to its intended use.

### **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 JLOS SWAP Development Fund.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act 2015, and the accounting policies stated under note 1(a) to the financial statements and the Funding Agreement 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 Programme's ability to continue delivering its mandate, disclosing, as applicable, matters

related to affecting the delivery of the mandate of the Programme, and using the accounting policies stated in note 1(a) to the financial statements unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Programme'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 Programme'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 Programme'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 Programme 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 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.



John F.S. Muwanga

**AUDITOR GENERAL**

KAMPALA

22<sup>nd</sup> December, 2017

**FINANCIAL STATEMENTS**