



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA LAW REFORM COMMISSION
FOR THE YEAR ENDED 30TH JUNE 2017

OFFICE OF THE AUDITOR GENERAL
UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA LAW REFORM COMMISSION
FOR THE YEAR ENDED 30TH JUNE, 2017

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of the Uganda Law Reform Commission for the year ended 30th 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 of the Uganda Law Reform Commission for the year ended 30th 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 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 Law Reform Commission 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 other 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:

- **Budget implementation**

Section 45 (3) of the Public Finance Management Act, 2015, states that " An Accounting Officer shall enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a Financial year, submitted under section 13 (15)" of the said Act.

I observed that the entity budgeted and received UGX.10.35 billion (100%), however, some of the planned outputs were not implemented as indicated in **appendix 1**. Failure to implement activities negatively affects the achievement of entity objectives. The failure to implement all the planned activities may have been a result of lack of capacity and inadequate releases or may be an indication of inefficiency.

Management concurred with the observation and explained that most projects have a life span of two years. This is because the review of most projects requires research and consultations with the public before proposals for reform are considered. Research and public consultations are normally conducted in the first year of implementation and in instances where activities are not completed in the first year; they are rolled over to the following year.

I advised the Accounting Officer to budget realistically and ensure that planned activities are achieved.

- **Delayed supply of motor vehicle:**

The Commission entered into contract with a motor company for supply of a station wagon at UGX.163,226,880. This payment was made before the motor vehicle was delivered and therefore the Commission was availed an advance payment guarantee of the contracted amount which has since expired (31st August, 2017). The motor vehicle has not been delivered five months after payment. Without the motor vehicle and expiry of the payment guarantee, the Commission is exposed to a risk of non-delivery without any recourse for recovery.

Management explained that the funds released for the purchase of the motor vehicle were not sufficient to cover the taxes and communicated to Ministry of Finance, Planning and

Economic Development for extra funds but no response has been received. Whereas the advance payment guarantee expired on 31st August 2017, management has engaged the supplier to extend the payment guarantee.

I advised the Accounting Officer to ensure that the supplier extends the advance guarantee, pay the due taxes and ensure immediate delivery of the vehicle by the supplier.

- **Irregular deposit of Staff NSSF contributions – UGX.406,651,531**

It was observed that the Commission paid UGX.406,651,531 meant for staff NSSF contributions into the NSSF rent and utilities bank account instead of the NSSF contributions bank account. No reconciliations were sought from NSSF to provide assurance that these funds were not mixed up with rental payments. Without these reconciliations, I could not confirm that these funds were actually registered as staff contributions for ULRC staff.

Management explained that a follow up will be made to ensure that the funds are credited on staff social benefit accounts.

Management action on the matter is awaited.

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 Uganda Law Reform Commission.

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 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 Law Reform Commission's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Commission, 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 Law Reform Commission'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 Uganda Law Reform Commission'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 Uganda Law Reform Commission'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 Uganda Law Reform Commission 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

22nd December, 2017

Appendix 1
Budget implementation

Vote Function output	Item Description	Planned Output/ Quantity	Actual Output/ Quantity (as per 4th Quarter cumulative performance report)	Amount Budgeted (UGX) "000"	Amount Released (UGX) "000"	Variance (UGX) "000"	Mgt. explanation	Audit Remarks
1252- Legal Reform	125275- Purchase of Motor Vehicle and other Transport Equipment	A station wagon and Motorcycle	A station wagon procured	182,400	182,400	-	The vehicle has not yet been delivered to the Commission due to shortage of funds for taxes	<ul style="list-style-type: none"> • The Commission purchased a station wagon from Toyota at UGX.163,226,880 the motor vehicle has however not yet been delivered.
	125276- Purchase of Office and ICT Equipment including software	Biometric Access control (phase 2), TV set	<ul style="list-style-type: none"> • Three desktop computers • Biometric Access control (phase 2) 	12,620	12,620	-	Diverted from the plan due to Limited funds	<ul style="list-style-type: none"> • Biometric Access control and TV set not purchased. • Funds diverted to the purchase of; <ol style="list-style-type: none"> i. Paper Shredder ii. Printer for the Secretary's office iii. Laptop and, iv. Desktop and battery
	125278- Purchase of Office and Residential Furniture and fittings	6 office chairs, 2 office tables	9 office chairs , 2 office tables	5,000	5,000	-	No reason was given	Purchased 3 chairs and 1 office table under this MTEF and spent UGX 4,900,001

1252- Legal Reform	125201- Reform and simplification of laws	<ol style="list-style-type: none"> 1. A study report and draft bill produced for; <ol style="list-style-type: none"> a. Grooming of children for sexual exploitation b. Arbitration and Conciliation Act, Cap.4 2. Guidelines on criminal procedure drafted 3. Study commenced on the review of the land laws 4. Simplified copies of ; <ol style="list-style-type: none"> a. the Public Order and Management Act b. Customs Management Act 	<ol style="list-style-type: none"> 1. Concept note and field consultations held in four regions of Uganda on land related laws. 2. Report writing ongoing for the Arbitration and Conciliation Act, Cap. 4 3. Issues paper prepared for the development of Legislation on Product Liability. 	4,689,644	4,689,644	-	<p>The additional outputs are as a result of projects that rolled over from the Previous financial year. These projects include; Development of a model law on Sex and gender based violence, review of the Employment Act, 2006, developing a model law on Amnesty, review of the Explosives Act, and a study on informal justice mechanisms</p>	<p>It was observed that;</p> <ol style="list-style-type: none"> 1. Study reports and draft bills were not produced for; <ol style="list-style-type: none"> a) Grooming of children for sexual exploitation b) Arbitration and Conciliation Act, Cap.24
	125202- Revision of laws	<ol style="list-style-type: none"> 1. Statutory Instruments 2001- 2013 revised 2. Reviewed fines and penalties contained in the Principal and Subsidiary laws 	Revised Statutory instruments 2001 to 2013	955,200	955,200	-	<p>The review of fines was done concurrently with the revision of Statutory Instruments</p>	<ol style="list-style-type: none"> 1. It was observed that the Commission did not review fines and penalties contained in the Principal Subsidiary Laws. <ul style="list-style-type: none"> •

FINANCIAL STATEMENTS