

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PPDA APPEALS TRIBUNAL
FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL
KAMPALA, UGANDA

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LIST OF ACRONYMS

| | |
|----------------|--|
| F/Y | Financial Year |
| GOU | Government of Uganda |
| IESBA | International Ethics Standards Board for Accountants |
| INTOSAI | International Organization of Supreme Audit Institutions |
| ISSAI | International Standards of Supreme Audit Institutions |
| MDA | Ministry, Department, and Agencies |
| NAA | National Audit Act |
| PFMA | Public Finance Management Act, 2015 |
| PPDA | Public Procurement and Disposal Authority |
| TI | Treasury Instructions |
| UGX | Uganda Shillings |

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PPDA APPEALS TRIBUNAL
FOR THE YEAR ENDED 30TH JUNE, 2018**

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of PPDA Appeals Tribunal for the year ended 30th June 2018. These financial statements comprise the Statement of Financial Position as at 30th June 2018, the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, accompanying schedules and a summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements of PPDA Appeals Tribunal for the year ended 30th June 2018 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 Statements section of my report. I am independent of the Tribunal in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), 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, 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.

- **Implementation of the Tribunal Budget**

Budget estimates are based on outputs to be achieved for the financial year and during implementation, effort should be made to achieve the agreed objectives or targets of the entity within the availed resources. I observed that a total of UGX.2,446,000,000 was budgeted to cater for the Tribunal activities. By the close of the financial year, UGX.2,373,344,582 (97.3% of the approved budget) had been received.

I observed that Management implemented a number of planned activities during the year. However, I noted that some planned outputs were not undertaken despite release of the funds to the Tribunal. I noted that by the year end, a total of UGX.166,049,143 earmarked for certain budget lines remained unutilized. I informed management that failure to implement activities according to plan lead to failure to attain the intended objectives thereby affecting service delivery.

I advised the Accounting Officer to always ensure that all activities are implemented according to the approved work plans and budgets for any given financial year.

- **Lack of clear performance targets**

The Corporate Plan is an important tool in steering an entity towards its vision, mission and the overall mandate since all annual activities undertaken by any organization should be derived from the strategic plan.

I noted that the Tribunal's Corporate Plan for 2017-2022 shows the result framework that will be used to assess the progress against each strategic objective in terms of key desired results and performance indicators. However it is not clearly indicated as to how these objectives will be measured and achieved in terms of the different outputs under the annual targets for the next five years. I informed management that failure to have measurable targets in the corporate plan leads to suboptimal performance and makes performance measurement difficult.

Management in response promised to make necessary adjustments. I advised management to ensure that the corporate plan has clear measurable targets for each strategic output.

- **Financial management system**

I observed that the entity was operating a manual accounting system. The lack of a computerized information system was making it difficult for the entity to adhere to the key accounting control objectives of commitment control, accuracy, completeness, validity, and authorization.

The continued usage of a manual system is disadvantageous, since it is time consuming, prone to errors and is normally not user-friendly, especially during compilation of financial statements and other reports.

Management in response explained that the Ministry of Finance Planning and Economic Development was in the process of putting the Tribunal onto the IFMS. I advised management to liaise with the Accountant General to expedite the process.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises the statement of responsibilities of the Registrar, information about the reporting entity and the commentary by the Head of Accounts. The other information does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 PPDA Appeals Tribunal.

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, 2018, 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 Tribunal's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the PPDA Appeals Tribunal, and using the Financial Reporting Guide 2018 unless the Accounting Officer has a realistic alternative to the contrary.

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

Other Reporting Responsibilities

In accordance with Section 19(1) of the National Audit Act, 2008, I report to you, based on my work described on the audit of Financial Statements, that;

- The activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

In accordance with Section 13 of the NAA 2008, I have a responsibility to report material findings on the compliance of Tribunal management with specific matters in key legislations. I performed procedures primarily to identify findings but not to gather evidence to express assurance.

There were no material non-compliance findings that came to my attention during the audit.



John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

14th December, 2018

APPENDIX 2

FINANCIAL STATEMENTS