



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PARLIAMENTARY PENSION SCHEME (PPS)
FOR THE YEAR ENDED 30TH JUNE 2018**

OFFICE OF THE AUDITOR GENERAL
UGANDA

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LIST OF ACRONYMS

GoU	Government of Uganda
MPs	Members of Parliament
BoT	Board of Trustees
OAG	Office of the Auditor General
PC	Parliamentary Commission
PPS	Parliamentary Pension Scheme
PPA	Parliamentary Pension Act, 2007
ToRs	Terms of Reference
UGX	Uganda Shillings
WHT	Withholding Tax

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF PARLIAMENTARY PENSION SCHEME (PPS)
FOR THE YEAR ENDED 30TH JUNE 2018

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Parliamentary Pension Scheme (PPS) for the year ended 30th June, 2018. These financial statements comprise of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, 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 Parliamentary Pension Scheme as at 30th June 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Parliamentary Pensions Act, 2007 as amended and the Uganda Retirement Benefits Regulatory Authority Act 2011.

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 Company 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 Matter

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 there are no key audit matters described 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:

- **Expired Trustee licences**

Section 44(2) of URBRA Act, 2011 requires application for renewal of licence to be made at least 3 months before expiry of the licence.

I noted that some of trustee's licenses had expired, others were soon expiring and one trustee did not have a licence. The licences had expired as below:

- Two licences expired on 09th August 2018
- One licence expired on 22nd August 2018
- Four licences are expiring on 09th November 2018
- One trustee does not have a licence

Failure to renew licence within stipulated timelines contravenes the URBRA Act, 2011.

Management explained that a monitoring tool shall be developed to track operations of the licences. Implementation is set by January 2019. Management also explained that Trustees have filed applications for renewal and submitted to URBRA.

I advised management to expeditiously put in place a process of monitoring the expiry of all licences and ensuring renewals are done timely.

- **Incomplete Fund Managers' reports**

The Scheme relies on the fund manager's reports to update their records and prepare financial statements.

I noted that Gen Africa Ltd and Stanlib reports as at 30th June 2018 did not accrue interest earned on investments properly as they excluded interest earned on the first day of the investment. I also noted that Stanlib investment reports did not include accrued interest

but a separate report was submitted for interest earned. This is an indication that the fund managers were not providing complete and consolidated reports as required.

Failure by fund managers to provide complete and consolidated reports may lead to use of incomplete information to prepare books of accounts, hence misleading the users of the financial statements.

Management explained that they will ensure that the Fund Managers capture interest earned on day one of investment and also ensure that Stanlib provides consolidated reports.

I advised Management to follow up with Fund managers on the matter.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer and the commentaries by the Head of Accounts and the Accounting Officer, and other supplementary information. 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.

Management Responsibilities

The Board of Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Parliamentary Pensions Act, 2007 as amended, the Uganda Retirement Benefits Regulatory Authority Act 2011 and International Financial Reporting Standards on Accrual basis of accounting and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the scheme's financial reporting process.

Auditor's Responsibilities for the Audit of 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 ISAs 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 ISAs, 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 Company'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 Authority's ability to continue as a going concern. 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 cease to continue as a going concern.

- 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 Directors 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 Directors 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 Directors, 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.

Report on Other Legal and Regulatory Requirements

As required by the Parliamentary Pensions Act, 2007 as amended, the Uganda Retirement Benefits Regulatory Authority Act 2011, I report to you, based on my audit that;

- i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
- ii) In my opinion, proper books of account have been kept by the Scheme so far, as appears from my examination of those books; and
- iii) The statement of financial position and statement of Support, Revenue and Expenses are in agreement with the books of account.



John F.S. Muwanga

AUDITOR GENERAL

2nd October, 2018

FINANCIAL STATEMENTS