



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
THE ATOMIC ENERGY COUNCIL
FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL

UGANDA

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LIST OF ACRONYMS

AEC	Atomic Energy Council
F/Y	Financial Year
GOU	Government of Uganda
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institution
MoFPED	Ministry of Finance Planning and Economic Development
MEMD	Ministry of Energy and Mineral Development
NAA	National Audit Act
PFMA	Public Finance Management Act
TAI	Treasury Accounting Instructions
UGX	Uganda Shillings

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE
ATOMIC ENERGY COUNCIL 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 the Atomic Energy Council for the year ended 30th June 2018. These financial statements comprise of the statement of financial position, the statement of financial performance, statement of changes in equity and cash flow statement together with other accompanying statements, notes and accounting policies set out on pages 1 to 9.

In my opinion, the financial statements of the Atomic Energy Council 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, International Financial Reporting Standards (IFRS) and the Financial Reporting Guide, 2018.

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 Council 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.

Emphasis of Matter

Without qualifying my opinion, I draw your attention to Note 4 and 8(iii) in the financial statements.

- **Budget shortfall**

A review of the financial statements and bank statements indicated that out of the budgeted amounts of UGX 6,620,000,000, only UGX 4,631,652,570(70%) was received, resulting into a shortfall of UGX 1,988,347,430. (30%).

As a result, a number of planned activities such as purchase of radiation safety equipment, monitoring equipment, office space and staff recruitment were not undertaken

Management explained that several communications and engagements have been made with Ministry of Finance, Planning and Economic Development (MoFPED), Ministry of Energy and Mineral Development (MEMD) and Parliament regarding increase of budget appropriations to the Council in the financial year 2018/19.

I advised management to continue engaging the Ministry of Finance, Planning and Economic Development to achieve 100% budget release.

- **Unspent Funds**

I further noted that out of the UGX 4,631,652,570 released to the Council, UGX 1,069,996,467 remained unspent at the year end.

This was attributed to the delayed procurement of radiation equipment for environmental monitoring.

Unspent funds imply delayed or non-implementation of planned activities, which impacts negatively on service delivery.

Management explained that 47% of the GOU release was received in April 2018 and thus the procurement of the radiation measuring equipment began in May 2018. However, the procurements would be finalised in the FY 2018/2019.

I advised management to always plan its procurements in time to ensure that they are fast tracked when funds are received to enable effective service delivery.

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.

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 Atomic Energy Council.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act 2015, International Financial Reporting Standards 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 Council's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Atomic Energy Council, 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 Council'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 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 Council'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 the accounting officer'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 Council'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 Council 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 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 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 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 sections 19(1) of the National Audit Act, 2008, I report to you, based on my work described on the audit of Financial Statements that:

Except for the matters raised in the compliance with legislation section below, and whose effect has been considered in forming my opinion on the financial statements, 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

The material findings in respect of the compliance criteria for the applicable subject matters are as follows;

- **Facilities operating with unlicensed machines**

According to Regulation 15 of the Atomic Energy Regulations 2012, facilities are granted authorization by the AEC for the use of high risk radiation sources after the review and assessment of the application forms in accordance with the established authorization procedure.

A review of the inspection and monitoring reports indicated that out of 417 registered facilities, 142 (34%) are operating without licensed machines. This was majorly due to failure of the facilities to adhere to the licensing and authorization criteria set by the Council.

Facilities operating without authorization pose a risk in terms of unregulated radiation exposure to both employees and the public.

Management explained that among the unlicensed, 33% had been closed and 65% had been warned as part of the enforcement procedure of writing 3 reminder letters before closure of the machines. Further, the Council conducts regional workshops for sensitizing operators on safety culture and radiation safety to enable compliance with regulatory requirements.

I advised management to ensure that these facilities address the issues hindering their authorization without delay, in order to safeguard the safety of the public.

- **Absence of Proper Protective Equipment**

Section 39 (2) of the Atomic Energy Regulations requires that the authorized person or employer shall ensure that workers and employees are provided with suitable and adequate personal protective equipment, including as appropriate; (a) Protective clothing; (b) Protective respiratory equipment with information on its protection characteristics and instructions on its proper use; and (c) Protective aprons and gloves and organ shields.

I however noted from the council's monitoring reports that a number of facilities did not have adequate protective equipment for their workers as per the legal requirements.

This could be due to weak penalties for non-adherence and hence increases the risk of exposure of workers to harmful radiation.

Management explained that the importance of the protective equipment is to shield radiation against the un-intended body parts and mentioned that it continues to encourage facilities to maintain the minimum safety requirements.

I advised management to implement the punitive penalties for non-compliant facilities as a way of protecting both employees and the general public.

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

12th December 2018