



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE  
MULTINATIONAL LAKES EDWARD AND ALBERT INTERGRATED FISHERIES  
AND WATER RESOURCES MANAGEMENT (LEAF II) PROJECT  
FOR THE YEAR ENDED 30<sup>TH</sup> June 2018**

**OFFICE OF THE AUDITOR GENERAL  
UGANDA**

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## **LIST OF ACRONYMS**

<b>GOU</b>	Government of Uganda
<b>IEC</b>	Information, Education and Communication
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ISSA</b>	International Standards on Auditing
<b>LEAF</b>	Lakes Edward And Albert Integrated Fisheries And Water Resources Management
<b>NPSC</b>	National Project Steering Committee
<b>PFMA</b>	Public Finance Management Act, 2015
<b>TAI</b>	Treasury Accounting Instructions
<b>UGX</b>	Uganda Shillings
<b>UNMA</b>	Uganda National Meteorological Authority
<b>F/Y</b>	Financial Year
<b>MDA</b>	Ministry, Department, and other Agencies

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OF THE MULTINATIONAL LAKES EDWARD AND ALBERT INTEGRATED  
FISHERIES AND WATER RESOURCES MANAGEMENT (LEAF II) PROJECT FOR  
THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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

**Opinion**

I have audited the accompanying Financial Statements of the Multinational Lakes Edward And Albert Integrated Fisheries and Water Resources Management (LEAF II) Project which comprise the Statement of Financial Position, Statement of cash receipts and payments for the year, Budget execution statement, and a summary of significant accounting policies and other explanatory notes for the year ended 30<sup>th</sup> June 2018, as set out on pages 11 to 30.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Multinational Lakes Edward and Albert Integrated Fisheries and Water Resources Management (Leaf II) project for the year ended 30<sup>th</sup> June 2018 and its financial performance and cash flows for the period then ended in accordance with International Public Sector Accounting Standards and cash basis of recognition of transactions.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year. I have determined that there are no other 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:

## **Delays in Project Implementation**

It was noted that with only one month left to the expected completion date of 31/Dec/2018, a number of projects regarding construction of landing sites were adversely behind schedule as shown in the table below:

<b>Project</b>	<b>Percentage Completion</b>	<b>Expected Completion date</b>
Landing Site Lot 1 Kitebere WRKS/17-18/00009/1	3.7%	31/Dec/2018
Landing Site Lot 2 Mbegu; WRKS/17-18/00009/2	3%	31/Dec/2018
Landing Site Lot 3; Dei; WRKS/17-18/00009/3	2.7%	31/Dec/2018
Landing Site Lot 4; Rwenshama; WRKS/17-18/00009/4	0.1%	31/Dec/2018
Landing Site Lot 5; Mahyoro; WRKS/17-18/00009/5	4.7%	31/Dec/2018

Delayed project implementation denies the community the intended project benefits and affects the achievement of project goals. This was attributed to failure by the National Project Coordinator (NPC) to resolve project implementation bottlenecks as required by the Loan Agreement.

Management attributed the anomaly to delays in the procurement of the construction supervision consultants which were completed in September 2018 following the fulfilment of all contractual obligations. It was further stated that the projects had been extended to September 2019.

I advised the NPC to ensure compliance with the new timelines and resolve project implementation bottlenecks with a view of fast tracking activities.

- **Failure to implement a planned activity**

A review of the project annual budget and work plan revealed that during the year under review, management planned to undertake the removal and control of aquatic weeds at a total cost of USD 50,000.

It was however noted that the planned activity was not undertaken due to delays in the replenishment of the special account as well as delays in the procurement of the special equipment for removal of weeds.

Failure to undertake planned activities is indicative of project management inefficiencies and this could lead to failure to attain the intended project objectives.

Management acknowledged the failure to utilize the USD 50,000 released under activity code 1.3.5 for removal and control of aquatic weeds. Management further explained that the initiated procurement for the activity was deferred following the recommendation of the ADB Supervision mission of April, 2018 that the available funds for the activity may not cause the required impact.

For future projects, I advised management to timely address project implementation bottlenecks so as to ensure implementation of all planned activities.

### **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 Multinational Lakes Edward And Albert Integrated Fisheries and Water Resources Management (LEAF II) Project.

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of the Public Finance Management Act, 2015 and, 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 project's ability to continue delivering its mandate, disclosing, as applicable, matters related to delivery of services, unless Government either intends to discontinue the Project's operations, or has no realistic alternative but to do so.

### **Auditors' 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 Project'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 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 Project'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 Project 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 management 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 management 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 management, 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 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.



John F.S. Muwanga

**AUDITOR GENERAL**

12<sup>th</sup> December 2018

