



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**NATIONAL COUNCIL OF SPORTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**OFFICE OF THE AUDITOR GENERAL**  
**UGANDA**

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## **LIST OF ACRONYMS**

GOU	Government of Uganda
INTOSAI	International Organization of Supreme Audit Institutions
IESBA	International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants
ISA	International Standards on Auditing
ISSAIs	International Standards for Supreme Audit Institutions
NCS	National Council of Sports
PFMA	Public Finance Management Act, 2015
TAI	Treasury Accounting Instructions
UGX	Uganda Shillings
F/Y	Financial Year

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**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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

I have audited the accompanying financial statements of National Council of Sports for the year ended 30<sup>th</sup> June 2018. 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 present fairly in all material respect the financial position of the National Council of Sports as at 30th June 2018 and of its statement of financial position for the year then ended, in accordance with the basis of accounting set out in note 3(a) to the financial statements and in conformity with Government of Uganda reporting guidelines.

**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 Council 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, 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 be communicated in my report.

### **Emphasis of Matter**

Without qualifying my opinion, I draw your attention to the following matter presented in the financial statements:

- **Underperformance of the Capital Budget**

Review of the statement of performance and note 12 of the financial statements revealed that only UGX.55,328,704 (11%) out of UGX.488,187,269 planned capital budget expenditure was incurred resulting into underperformance in the sum of UGX.432,858,565.

In the circumstances, the Council's objective of infrastructural development and maintenance was not achieved.

Failure to prioritize capital expenditure curtails the attainment of the Sports Council's objective of infrastructural development and maintenance.

The Accounting Officer explained that this was due to a backlog of arrears in respect of payments to various service providers which had accumulated during that period.

I advised the Accounting officer to always ensure prioritization of the capital development activities given the funds received. I further advised management to engage relevant stakeholders to ensure adequate allocation of resources to capital development.

### **Other Matter**

I consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements:

- **Status of stadia in the Country**

Review of the report on the status of stadia revealed various inadequacies as follows;

General lack of perimeter walls, lighting facilities, acceptable playing ground, functioning toilet facilities and are faced with Land encroachment. **Appendix I** refers.

Lack of developed specialized areas for sports activities hinders the National Council of Sports from achieving its core mandate of promoting sports development in the country.

In response, the Accounting officer explained that some of these stadia like Namboole and Nakivubo although owned by government, are managed as private enterprises under the control and management of Boards while others are managed by District sports Councils. He added that the Sports Council management initiated collaborations with District Sports Councils to ensure that this problem is solved.

I advised Management of National Council of sport to develop a feasible strategic plan for the development of sports facilities in the country and to strengthen the collaboration efforts with the district sports councils so as to attain tangible results.

- **Consultancy Services For Securing The NCS land titles**

National council of sports entered into agreement with a private firm to provide consultancy services in securing land titles. Audit however, reviewed the contractual process, implementation and progress of work and noted the following;

- i. **Payments for the consultancy**

Verification of the consultant's ledger from February 2016 to June 2018 revealed that a sum of Ugx.640,000,000 had been paid to the consultant in respect of the fee notes issued. Although the contract indicated that the consultant would be paid 10% of the value of the plots 12,14,66 and 68; the basis of ascertaining the value was not provided.

Management indicated that the absolute contract amount had been agreed upon with the consultant using the values of the adjacent plots. However, I could not confirm management's assertions as there was no documentary evidence to that effect

- ii. **Contract implementation**

Paragraphs 53(3g) and 53(4) of the public procurement and disposal of public assets (contracts) regulations 2014 require the contract manager to submit a monthly report on the progress or completion of the contract to the accounting officer and give a copy to the procurement and disposal unit and also the procurement and disposal unit in every three months to prepare and submit to the accounting officer a report on all contracts signed by the procuring and disposing entity, highlighting the problems encountered in managing the contracts.

Audit however, noted that council did not appoint the contract manager and as a result there were no monthly progress reports. In the absence of the progress reports, audit was unable to ascertain whether the assigned work had been completed.

Management indicated that the contract manager was not appointed. However, the consultant was submitting reports for work in progress.

I advised management to consider amending the contract agreement with the consultant to clearly indicate the contract price.

- **Grants to National Sports Associations**

During the year under review, the National Council of Sports transferred a sum of UGX.9, 951,292,646 (61.4% of the total expenditure) to national sports associations in form of grants in aid. I however noted that there was no guidance used as basis for allocation of the grants hence creating imbalances in the promotion of the various sports.

I also noted that although 45 associations were registered with National council of sports, there were no audited books of accounts for the current and previous years as required by section 18(1&2) of the NCS regulations, 2014.

In response, the Accounting officer took note of the anomalies and indicated that necessary measures were underway to come up with the funding policy; and has also written to the associations to submit audited books of accounts as required by the National Council of Sports Regulations 2014.

I advised the Accounting officer to expedite the process of coming up with a funding policy and also ensure compliance with the NCS regulations on registered associations.

### **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 national Council of Sports.

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 Council's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the National Council of Sports, 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 Councils' 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 Council'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 Council'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 National Council of Sports 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 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.

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**

17<sup>th</sup> December 2018

## **Appendix 1: Status of stadia in Uganda**

<b>Stadium</b>	<b>Management</b>	<b>Remarks</b>
Nelson Mandela national stadium – Namboole	Nelson Mandela Board	It falls short of all the required standards; it is not an all-seater stadium, lacks modern lighting systems. The undeveloped land for the stadium is also threatened by a number of encroachers.
Nakivubo stadium	Nakivubo stadium Trustees	Razed down two years ago, and construction is still ongoing to upgrade it to a modern stadium through a PPP arrangement.
Masaka recreation ground	Masaka Town Council	The perimeter fence is rusty, the toilets no longer flush and play surface which was once fully green is now patched with some open grounds
Mbale municipal stadium	Mbale Municipal Council	The once all grass pitch has now been replaced by baked hard unplayable pitch. The toilet facilities have since broken down and the whole structure looks like an abandoned project.
Bugembe stadium	Jinja Municipal Council	Once an alternative host venue for many sports events including athletics is almost no more. Everything in this stadium is not functioning.
Kakyeka grounds mbarara	Mbarara Municipal council	The ground has no drainage system and badly floods when it rains, the perimeter fence need to be worked on, the toilets are in sorry state and its running track is no more.
Kabale municipal stadium	KABALE MUNICIPAL council	The ground is poorly drained and becomes soggy when it rains. The toilets have since stopped flashing; the dressing rooms are in sorry state. The stadium requires massive overhaul to be uplifted to the expected standards.
Hoima boma ground	HOIMA Municipal council	This facility is also in a bad state without grass. It has no perimeter fence and a perimeter wall making it easy to be encroached and abused.
Buhinga stadium – fort portal	FORT PORTAL Municipal council	The Local Government secured new designs and has already embarked on a major project to redevelop it into a modern regional stadium.
1) Kisoro and rukungiri main stadia	Kisoro Municipality and Rukungiri Municipality	These two grounds host several sports events and public functions. However, both are in sorry state, they are dilapidated, the toilets broke down several years ago. Lack a perimeter fence which has prompted residents to graze their animals.
Akii-bua stadium	Lira Municipal council	Government of Uganda undertook the responsibility to build a new modern stadium in memory of the Late Akii-Bua. However, not much has been put on the ground as of now.
King george stadium – tororo	Tororo Municipal council	No perimeter fence, the running track is no more and its land has been seriously encroached on by illegal squatters/land grabbers.
Pece stadium – gulu	Gulu Municipality	The stadium was recently renovated and put back to a functional state.
2) Muteesa memorial stadium – wankulukuku	ii Rubaga Division	The play area has developed some bare ground patches and the running track which once allowed athletics events to be hosted there is no more. Wankulukuku has a poor drainage system and seriously floods when it rains.

3) Soroti sports grounds	Soroti Municipality	Unplayable ground with a few patches of grass at one end of the field. The sports land has been encroached and the market is threatening to eat it up. With no perimeter wall and fence, the ground is being grossly abused by all sorts of people including those who would like to learn driving.
Barifa stadium – arua	Arua Municipality	Not well maintained and requires complete overhaul to put it in functional state.
National high altitude training center – teryet - kapchorwa	Kapchorwa District	Construction of this project is ongoing and is being fast-tracked by Ministry of Education and sports.
MASINDI STADIUM	Masindi Municipality	Currently the stadium is a sorry state that badly needs rehabilitation.