



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF UGANDA CLEAN COOKING SUPPLY
CHAIN EXPANSION PROJECT IMPLEMENTED BY PSFU
(GRANT NUMBER TF0A2295)
FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL
UGANDA

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LIST OF ACRONYMS

IFAC	International Federation of Accountants
INTOSAI	International Organization of Supreme Audit Institutions
ISSAIs	International Standards of Supreme Audit Institutions
PSFU	Private Sector Foundation Uganda
UGX	Uganda Shillings

REPORT OF THE AUDITOR GENERAL ON THE AUDIT OF FINANCIAL STATEMENTS
OF UGANDA CLEAN COOKING SUPPLY CHAIN EXPANSION PROJECT
IMPLEMENTED BY PSFU (GRANT NUMBER TFOA2295)
FOR THE YEAR ENDED 30TH JUNE 2018

THE RT. HON. SPEAKER OF PARLIAMENT

Report on the audit of the Financial Statements

Opinion

I have audited the financial statements of Uganda Clean Cooking Supply Chain Expansion Project implemented by Private Sector Foundation Uganda (PSFU) for the year ended 30th June 2018. These financial statements comprise the Statement of Financial Position as at 30th June 2018, Statement of Comprehensive Income and Statement of Cash Flows for the period then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 18.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Uganda Clean Cooking Supply Chain Expansion Project - Private Sector Foundation Uganda, as at 30th June 2018 and its financial performance and cash flows for the year then ended, in accordance with the terms of the agreements and in conformity with the basis of accounting described in paragraph 7.5.1 of the report.

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 project 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.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the project agreement, and for such internal control 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, management is responsible for assessing the Project'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 project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the project's financial reporting process.

Auditor General'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 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 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 project 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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

As required by the World Bank Guidelines, I report to you, based on my audit, that:

- 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;
- In my opinion proper books of account have been kept by the Project, so far as appears from my examination of those books; and
- The Projects' Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.

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

14th December 2018

REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT STATEMENT
OF UGANDA CLEAN COOKING SUPPLY CHAIN EXPANSION PROJECT
IMPLEMENTED BY PSFU (GRANT NUMBER TFOA2295)
FOR THE YEAR ENDED 30TH JUNE 2018

Report on the Special Account Statement

Opinion

I have audited the IDA Special Account Statement of Uganda Clean Cooking Supply Chain Expansion Project implemented by the Private Sector Foundation Uganda, for the year ended 30th June 2018, set out on page 16.

In our opinion, the IDA Special Account Statement for Uganda Clean Cooking Supply Chain Expansion Project – PSFU present fairly, in all material respects the operations of the Project for the year then ended in accordance with the terms of the agreement and in conformity with the basis of accounting described in paragraph 7.5.1 of the report.

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 Special Account Statement section of my report. I am independent of the project 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 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.

Management's Responsibility for the Special Account Statement

Management of the Project is responsible for the preparation and fair presentation of the Special Account Statement on the basis of cash deposits and withdrawals for the purpose of complying with the Credit Agreement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Special Account Statement that is free from material misstatement, whether due to fraud or error;

selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor General’s Responsibilities for the audit of the Special Account Statement

My objectives are to obtain reasonable assurance whether the Special Account is free from material misstatement, whether due to fraud or error, and to issue 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 the Special Account.

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 Special Account, 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 management’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



John F.S. Muwanga

AUDITOR GENERAL

14th December 2018

REPORT OF THE AUDITOR GENERAL ON THE INTERNAL CONTROL
OF UGANDA CLEAN COOKING SUPPLY CHAIN EXPANSION PROJECT
IMPLEMENTED BY PSFU (GRANT NUMBER TFOA2295)
FOR THE YEAR ENDED 30TH JUNE 2018

Report on the Internal Control

I have audited the financial statements of Uganda Clean Cooking Supply Chain Expansion Project implemented by Private Sector Foundation Uganda for the period ended 30th June 2018, and have issued my report on it.

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). The standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement and that the internal controls exist and were operational throughout the period under review.

The management of Uganda Clean Cooking Supply Chain Expansion Project-Private Sector Foundation Uganda (PSFU) is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by the management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control structure are to provide the management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the statement in conformity with the basis of accounting described in section 7.5.1 of the financial statement. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. In addition, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements for the year, I obtained an understanding of internal control. With respect to internal control, I obtained an understanding of the design of relevant policies and procedures and whether they were operational, and I assessed control risk in order to determine my audit procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on internal control. Accordingly, I do not express such an opinion.

I noted certain matters of internal control and its operation that I consider to be reportable conditions under standards. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect the recipient's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control elements does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statement may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. The results of my tests disclosed some internal control issues which are reportable conditions and are of material weaknesses as described in more detail below;

- **Failure to obtain direct funding from GoU**

The project failed to obtain direct funding from the Government of Uganda other than the grant from World Bank. The steering committee activities were not funded. In addition, the capacity building activities for stakeholders were also stifled. Consequently, the project may not meet its stated objectives.

Management of the project stated that it had submitted a request to Ministry of Finance Planning and Economic Development and hopes to have an allocation to support activities not covered by the World Bank Grant Fund.

I advised that the project management continues engaging Government of Uganda so that it meets its funding obligation to enable the project achieve its stated objectives.



John F.S. Muwanga
AUDITOR GENERAL

14th December 2018