



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIA STATEMENTS OF
THE UGANDA PETROLEUM FUND
FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL
UGANDA

TABLE OF CONTENTS

LIST OF ACRONYMS.....	3
Opinion.....	4
Basis of Opinion.....	4
Key Audit Matters.....	5
Emphasis of Matter.....	5
• Delayed Remittance of Petroleum Revenues.....	5
Other Information.....	6
Responsibilities of the Accounting Officer for the Financial Statements.....	6
Auditor’s Responsibilities for the Audit of the Financial Statements.....	6
Other Reporting Responsibilities.....	8

LIST OF ACRONYMS

F/Y	Financial Year
GOU	Government of Uganda
INTOSAI	International Organization of Supreme Audit Institutions
ISSA	International Standards on Auditing
MoFPED	Ministry of Finance ,Planning and Economic Development
PFMA	Public Finance Management Act, 2015
PAU	Petroleum Authority of Uganda
UGX	Uganda Shillings
UPF	Uganda Petroleum Fund
URA	Uganda Revenue Authority

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA PETROLEUM FUND FOR THE YEAR
ENDED 30TH JUNE 2018

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying Financial Statements of the Uganda Petroleum Fund for the year ended 30th June 2018. These financial statements comprise the statement of financial Position, the statement of financial Performance, statement of changes in equity and statement of cash flows, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 15.

In my opinion, the financial statements of the Uganda Petroleum Fund for the year ended 30th June, 2018 are prepared, in all material respects in accordance with the Public Finance Management Act (PFMA), 2015 and in accordance with the Generally Accepted Accounting Principles (GAAPs).

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 Uganda Petroleum Fund 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) 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, are 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 11 to the financial statements:

- **Delayed Remittance of Petroleum Revenues**

Disclosed under Note 11 to the financial statements, is a receivable figure of UGX.12,877,415,932, which includes UGX.3,155,691,656 due from Petroleum Authority of Uganda (PAU) and UGX.9,721,724,276 being collections by Uganda Revenue Authority (URA). The total receivables have been outstanding for the last six months.

The delay to remit petroleum revenues from the consolidated fund to UPF was attributed to the inadequate reconciliation of information between URA and Accountant Generals Office, as well as the legal advice by Solicitor General, to the effect that training fees do not form part of Petroleum revenues.

Failure to transfer the prescribed funds to the Petroleum Fund, contravenes sections 56 (2) and (3) of the PFMA, 2015.

Management explained that challenges in the chart of account classification of petroleum revenues and other tax revenues were resolved, and petroleum revenues amounting to UGX.9,721,724,276 were subsequently remitted to the Fund on August 29, 2018. In regard to collection of training fees by PAU, Bank of Uganda had been instructed to transfer the revenues to the UPF.

I await the outcome of management's engagement with the Petroleum Authority of Uganda with regard to timely transfer of the revenues to the Uganda Petroleum Fund.

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 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 60 of the PFMA, 2015, the Accountant General is responsible for maintenance of proper books of account and proper records of the Petroleum Fund, and preparation and submission of semi-annual and annual financial statements that are free from material misstatement whether due to error or fraud.

In preparing the financial statements, the Accountant General is responsible for assessing the Fund's ability to continue delivering its mandate, disclosing, as applicable, matters related to the delivery of the mandate of Uganda Petroleum Fund, unless the Fund's management has a realistic alternative to the contrary.

The Accountant General is responsible for overseeing the Fund'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 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 Fund'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 Fund'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 Petroleum Fund 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 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 'John F.S. Muwanga', with a long horizontal flourish extending to the right.

John F.S. Muwanga

AUDITOR GENERAL

13th December 2018