



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
WATER AND SANITATION DEVELOPMENT FACILITY –SOUTH WEST BRANCH
FOR THE YEAR ENDED 30TH JUNE 2017**

**OFFICE OF THE AUDITOR GENERAL
UGANDA**

TABLE OF CONTENTS

LIST OF ACRONYMS	2
Opinion	3
Basis of Opinion.....	3
Key Audit Matters.....	3
• Delayed Completion of Ishongororo Faecal Sludge Treatment Plant.....	4
Other Information	4
Responsibilities of the Accounting Officer for the Financial Statements	5
Auditor’s Responsibilities for the Audit of the Financial Statements	5
Other Reporting Responsibilities.....	7

LIST OF ACRONYMS

DEA	Directorate of Environmental Affairs
DWD	Directorate of Water Development
DWRM	Directorate of Water Resources Management
MoFPED	Ministry of Finance, Planning and Economic Development
MWE	Ministry of Water and Environment
NEMA	National Environment Management Authority
NFA	National Forestry Authority
NWSC	National Water and Sewerage Corporation
PS/ST	Permanent Secretary/Secretary to Treasury
UGX	Uganda Shilling
UNMA	Uganda National Meteorological Authority
WHT	Withholding Tax
GOU	Government of Uganda
INTOSAI	International Organization of Supreme Audit Institutions
PFMA	Public Finance Management Act, 2015

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
WATER AND SANITATION DEVELOPMENT FACILITY – SOUTH WEST BRANCH
FOR THE YEAR ENDED 30TH JUNE, 2017**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of the Water and Sanitation Development Facility South West Branch for the year ended 30th June 2017. These financial statements comprise of the statement of financial position, the statement of Comprehensive Income and payments, Statement of funds balance and cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements of the Water and Sanitation Facility – South West Branch for the year ended 30th June 2017 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act, 2015, 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 Statement's section of my report. I am independent of the Ministry of Water and Environment 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. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my

opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to report.

Other Matter

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

- **Delayed Completion of Ishongororo Faecal Sludge Treatment Plant**

Audit inspections revealed that the water tank at Nyamitanga had an overflow pipe disconnected from the ground which was left suspended in the air. By the time of audit inspection, no action had been taken by management to rectify the situation (repair the disconnected pipe). The anomaly is an indication of inadequate planning for maintenance of the water schemes and could be attributed to management failure to prioritize the activity.

The Accounting Officer explained that a concrete stool was fixed to support the pipe and the system has since then been handed over to NWSC, for effective operation and maintenance.

I advised management to ensure that all water schemes/systems are adequately and timely maintained hence forth.

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 Ministry of Water and Environment.

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 Entity's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Water and Sanitation Development Facility – South West Branch 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 Entity'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 facility'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 facility'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 Water and Sanitation Development Facility 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.



John F.S. Muwanga

AUDITOR GENERAL

18th December, 2018

FINANCIAL STATEMENTS