

SAI UGANDA EXPERIENCES IN THE AUDIT OF EXTRACTIVE INDUSTRIES

BY JOSEPH HIRYA
DIRECTOR OF AUDIT,
OFFICE OF THE AUDITOR

 INTOSAI
WGEI
Working Group on Audit of Extractive Industries


Office of the Auditor General


german
cooperation
DEUTSCHE ZUSAMMENARBEIT


giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

PRESENTATION OUTLINE

- Audit Mandate
- Legislative framework of the EIs
- Audit universe in the EIs
- Organizational set up of EI audits within SAI (U)
- Audits Completed
- Other achievements
- Challenges
- Way forward

AUDIT MANDATE

- Article 163 of the Constitution of the Republic of Uganda.
- The National Audit Act (2008)
- Production Sharing Agreements (PSAs), Concession Agreements, Public Private Partnerships (PPPs),
- Public Finance and Accountability Act (PFAA) and other relevant legislation

LEGISLATIVE FRAMEWORK IN THE EI

- Oil and Gas Revenue Management Policy, 2012
- The Petroleum Supply (general) regulations, 2009
- The Production Sharing Agreements (PSAs)
- Income Tax Act 1997 (as amended)

REGULATORY FRAMEWORK CONTINUED

- VAT Act 1996(as amended)
- The Petroleum(Refining, Conversion, Transmission and Midstream Storage) Act 2013
- The Petroleum (Exploration, Development and Production) Act 2013
- National Environment Act, 1995
- The Mining Act 2003
- The Mining Regulations 2004

AUDIT UNIVERSE IN THE EIs

ENTITY

- RESPONSIBILITY & AUDIT ARRANGEMENTS

MEMD

- Sector head responsible for overall policy direction and planning

MOFPED

- Responsible for the overall oil revenue management aspects in liaison with URA, BOU & MOJCA

BOU

- To maintain the petroleum Fund & advice to government on impact of oil revenue on the national economy

URA

- Management of the new petroleum taxation regime

ENTITY

RESPONSIBILITY ARRANGEMENTS & AUDIT

MOJCA

- To provide legal advice and legal services including formulating & drafting petroleum legislation, policy, licensing & any other negotiations

NEMA

- Responsible for ensuring that all environmental laws & regulations are adhered to by all actors in the sub sector.

Uganda Wildlife Authority

- The vast areas in the Albertine Graben where oil has been discovered are under National Parks that are managed by UWA

Auditor General of Uganda

- To audit & report to parliament on all the public entities involved in the sector

AUDITS COMPLETED

Company name	E. A	Period
Heritage Oil & Gas Ltd	3A	8/9/04 to 30/10/06
Hardman Petroleum Resources Ltd (Now Tullow (U) Limited)	2	8/10/01 to 30/10/06
Heritage Oil & Gas Ltd	1	31/10/04 to 31/12/08
Tullow (U) Ltd	2	31/10/06 to 31/12/08
Heritage Oil & Gas Ltd	3A	1/11/06 to 31/12/08
Dominion (U) Ltd	4B	27/7/07 to 31/12/08
Neptune Petroleum (U) Ltd	5	27/9/05 to 31/12/08
Heritage Oil & Gas Ltd (Report finalisation)	1 & 3A	1/1/09 to 31/7/10
Tullow (U) Ltd (Field work in progress)	1 & 3A	1/8/10 to 31/12/10
Tullow (U) Ltd (MLs issued)	2	1/01/10 to 31/12/11
Regulation and Monitoring of drilling waste management in the Albertine Graben by NEMA	Albertine Graben	2013

OTHER ACHIEVEMENTS

- A 3 year formal Collaboration with SAI(Norway)
- Seven PSA review reports completed and submitted to Parliament
- Six reviews are currently in progress
- 3 staff have attained Masters degree in Oil and gas Accounting

2 staff currently undertaking masters degrees in Oil and Gas disciplines

3 staff to commence masters program in September 2014

24 staff have undertaken certificate courses in Petroleum audit and accounting areas.

CHALLENGES

- Technical complexity of the sector.
- Limited technical expertise for audit of some areas e.g. Transfer Pricing , Time writing costs and operations of refinery.
- Lack of adequate international standards in the audit of the sector.



CHALLENGES CONTINUED

- Confidential nature of the agreements .
- Delays in submission of documents for audit.

WAY FORWARD

- Customization of AFROSAI-E Extractive industries Guidelines to meet SAI requirements.
- Capacity Building of SAI (U) staff: short term and long term courses.

WAY FORWARD CONTINUED

- Sensitization of Parliamentary Oversight committee members on the audit process of extractive industries.
- Continued cooperation with other SAIs with experience in Extractive industries.

THANK YOU

