

SAI UGANDA EXPERIENCES IN THE AUDIT OF EXTRACTIVE INDUSTRIES

**BY JOSEPH HIRYA
DIRECTOR OF AUDIT,
OFFICE OF THE AUDITOR**



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

