Presentation outline

- Mandate
- Oil and Gas industry in Uganda
- Staffing
- Audit Status
- Key findings
- Achievements
- Enablers of success
- Challenges
Mandate Of OAGU

The Office of the Auditor General (OAG) is the Supreme Audit Institution (SAI) of Uganda

Article 163 of the Constitution - Mandates OAG to audit all the public accounts of Uganda

In addition, Section 18 of The National Audit Act, 2008 mandates the Auditor General to audit public monies of any private organisation in which the government has no controlling interest

The Public Finance and Management Act, 2015 under part 8 mandates the OAG to audit the Uganda Petroleum Fund

Section 37 of the Petroleum Upstream General Regulations 2016 mandates the Auditor General to undertake cost recoverable audits for each calendar year
Oil and Gas industry in Uganda

- First PSA signed in 1991
- 2006-Commercial discovery
- 21 Discoveries: 88% drilling success rate
- 6.5 Bbbls STOIIP, 1.4 bbls recoverable
- 500 BCF of non-associated Gas Initially in Place (GIIP)
- 170 BCF of associated gas
- 9 PLs over 14 Discoveries
- 3 ELs issued in Sept-Oct 2017
## Upstream License status

<table>
<thead>
<tr>
<th>OIL COMPANY</th>
<th>EXPLORATION LICENSE PERIOD</th>
<th>PRODUCTION LICENSE PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>TULLOW OIL UGANDA</td>
<td>2010- 2016</td>
<td>2016 + 25 Years</td>
</tr>
<tr>
<td>TOTAL E&amp;P UGANDA (2 Licenses)</td>
<td>2012 - 2016</td>
<td>2016 + 25 Years</td>
</tr>
<tr>
<td>CNOOC UGANDA</td>
<td>2012</td>
<td>2013 + 25 Years</td>
</tr>
<tr>
<td>ORANTO PETROLEUM</td>
<td>2017 + 3 Years</td>
<td></td>
</tr>
<tr>
<td>ARMOUR ENERGY</td>
<td>2017 + 3 Years</td>
<td></td>
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</tbody>
</table>
Key Players

- Parliament
- Ministry of Energy and Mineral Development
- Petroleum Authority of Uganda
- National Oil Company
- Uganda Revenue Authority
- Ministry of Finance, Planning and Economic Development
- Oil Companies, etc.
Staff Composition and Competence

- 20 Dedicated staff to EI sector
  - 2 Lawyers, 15 Accountants, 2 Economists, 1 Environmentalist

Experience
- 0-5 Years: 6
- 5+ Years: 14

Trainings
- 13 Masters degrees (Energy and Extractive related)
- Various certificate courses in Oil and Gas
Current Audit Status

- 2018 Development costs audits on going
Key Findings

The costs that have been disallowed include:

- Costs incurred prior to effective date of PSA/issuance of licence
- Budget overruns incurred without approval
- Costs that are not necessary, appropriate or economical for petroleum operations eg. Corporate social responsibility, birthday celebrations, entertaining foreign guests, training expatriates, time writing/transfer pricing
Key Findings continued...

- Fines and penalties incurred for example interest on penalties eg non-payment of tax, non remission of NSSF dues
- Cost from other licence areas (attempt to consolidate costs)
- Expenditure on expatriates without proper work documentation (like work permits)
- Costs related to Midstream operations (Pipeline and refinery costs)
Other Audits

- Performance (Value for Money)
- Compliance Audit
- Financial Audits
Achievements

- Majority of cost recovery audits done in house
- Developed PSA audit manual
Enablers of Success

- Top management buy in/support
- Dedicated multi-disciplinary PSA audit team
- Staff skilling, competences and retention
- Sharing experiences and collaborating with other SAIs
- Collaboration with other Government institutions

Key Challenges

- Lengthy audit cycle (back & forth verification & consultations)
- Complex area with complex transactions
- Loss of highly trained staff
- Ambiguities in the PSA
Questions