

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF

UGANDA EMBASSY COPENHAGEN

FOR THE YEAR ENDED 30TH JUNE 2017

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ACRONYMS

GoU	Government of Uganda
PFAA	Public Finance and Accountability Act
TAI	Treasury Accounting Instructions
NTR	Non Tax Revenue
UGX	Uganda Shillings
USD	United States Dollars
A/C	Account
PV	Payment Voucher
PPDA	Public Procurement and Disposal of Assets
UCF	Uganda Consolidated Fund
VAT	Value Added Tax
EFT	Electronic Funds Transfer
Dkr	Danish Kroner

UGANDA EMBASSY, COPENHAGEN

REPORT AND OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2017

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the financial statements of Uganda Embassy, Copenhagen which comprise the Statement of Financial Position as at 30th June 2017, and the Statement of Financial Performance, Statement of Changes in Equity and statement of Cash flows together with other accompanying statements for the year then ended, and notes to the financial statements ,including a summary of significant accounting policies.

In my opinion, the financial statements of Uganda Embassy, Copenhagen as at 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, 2008.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs), the National Audit Act 2008. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Uganda Embassy, Copenhagen 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 (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 communicate in my report.

Other Matters

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

- **Failure to Submit Procurement Plans and Reports to PPDA**

PPDA guidelines 6 of 2008(Procurements and Disposals by Missions abroad) requires Missions to prepare annual procurement plans and submit them to the Authority before the end of the first quarter of the financial year. Regulations 5(1) & (2), 2014 for PDEs outside Uganda requires "a procuring and disposing entity outside Uganda to submit quarterly procurement reports on all procurement and disposal contracts awarded".

It was however observed that the Mission did not prepare nor submit to PPDA the procurement plans as well as the quarterly procurement reports for the financial year under review.

Consequently, I was not able to ascertain whether procurements undertaken were properly authorized. I was also not able to ascertain the procurements undertaken during the financial year under review.

Management should prepare and submit the procurement plan and the quarterly procurement reports to PPDA as required by the guidelines.

- **Assets Management**

Section 34 of the Public Finance Management Act, 2015 states that the Accounting Officer is responsible for the management of the assets and inventories of the vote. Section 34(2) also requires that using a format prescribed by the Accountant General, a register of the assets and the inventories of the vote should be kept.

It was observed that, furniture valued at UGX.43 million procured during the financial year under review for the Deputy Head of Mission and Second Secretary residences had not been engraved with the Mission Unique identification marks.

This renders it difficult to identify the assets in case of theft.

The Accounting Officer admitted the shortcoming and explained that a substantive Head of the Procurement and Disposal Unit had been appointed for the financial year 2016/17 and will comply with the PPDA laws and regulations.

I await the outcome of the Accounting Officer action.

Action taken on previous year audit findings

The following shortcomings pointed out in the previous year report could still be identified;

- **Land and Building**

Article 45(3) of the Public Finance Management Act, 2015 requires an Accounting Officer to deliver on the activities of the work plan of the vote for a financial year submitted under section 13(15).

It was observed that in the previous year audit report that the Chancery building was in a sorry state and the continued occupation of the building poses a danger to staff and may soon be condemned by the Kommune Authorities.

- **Storage of old Items**

It was reported that the basement level was being used as a store for old items that were no longer in use.

The Accounting Officer explained that the Mission had secured boxes for sorting out the items.

- **Staffing**

It was reported that the Mission was inadequately staffed. In order to effectively implement the Mission Charter, and to represent Uganda in all the countries of Denmark, Sweden, Norway, Iceland and Finland, the embassy requires adequate staffing.

The Accounting Officer explained that the Mission was in the process of recruiting a consular Assistant to assist the Accounting Officer.

The matters require urgent attention.

Management's Responsibility 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 Uganda Embassy, Copenhagen.

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 for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Uganda Embassy, Copenhagen ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Uganda Embassy, Copenhagen, and using the Public Finance Management Act 2015 unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Uganda Embassy, Copenhagen financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives as required by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 19 of the National Audit Act, 2008 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 ISAs 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 ISAs, I exercise professional judgment and maintain professional scepticism 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 Uganda Embassy, Copenhagen 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 Uganda Embassy, Copenhagen 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 Uganda Embassy, Copenhagen 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.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, sweeping flourish extending to the right.

John F.S. Muwanga
AUDITOR GENERAL

KAMPALA

6th December 2017

FINANCIAL STATEMENTS - APPENDED