

OFFICE OF THE AUDITOR GENERAL



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF

UGANDA EMBASSY RIYADH

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
SR	Saudi Riyal

UGANDA EMBASSY, RIYADH

**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, Riyadh 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, Riyadh 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 for Supreme Audit Institutions on Auditing (ISSAs), 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, Riyadh 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:

- **Renting of property**

Paragraph (I) (h) of the mission charter require the mission to identify and facilitate acquisition, development and maintenance of at least one government property. However it was observed that the mission does not own any property. Accordingly the chancery, the official residence and other residences for staff are rented at an annual cost of SR 690,000 equivalent to UGX 660,599,556 .This cost would be saved in the long run if an attempt to acquire own property through the budget process is made.

The Accounting Officer explained that the Embassy was allocated land by the Saudi Government in the Diplomatic quarter in 1985.The offer was for Uganda side to either buy, lease, or exchange land. The mission could not take up the allocation in time and it was offered to another mission. The Saudi side has promised to allocate Uganda a new plot in the newly launched extension to the Diplomatic Quarter. The Embassy is following up on the matter.

I urged Management to follow up the matter with the Ministry of Foreign Affairs and the Ministry of Finance and Economic Planning and ensure that the mission acquires its own premises to save on rent.

- **Expenditure on Runaway Housemaids**

Test checks revealed that the mission incurred an amount of SR 18,113.69 equivalent to UGX 17,349,960 on run away house maids who had taken sanctuary at the mission to cater for their food, medication and contribute to return tickets.

The housemaids run to the mission for various reasons ranging from sickness, mistreatment and other abusive acts subjected to them by their employers.

The mission has to inevitably intervene and offer consular services to ensure that the affected persons are facilitated with food and other basic needs while at the mission and in some cases one way air tickets yet there is no dedicated budget line item to cater for the cost. Management raised a concern that when the housemaids are recruited and exported into the country the mission is not involved yet obligated to offer the requisite consular assistance which impacts on its financial resources and staff time which is not sustainable.

In fact during inspection there were three run away house maids that had been taken into mission accommodation pending return back home, one of whom had stayed at the mission since 8th May 2017.

The Accounting Officer explained that the mission continues to engage all stakeholders, including the Ministries of Foreign Affairs and Ministry of Gender, Labour and social Development and certain policy and operational interventions have been put in place to streamline recruitment and deployment of domestic workers in the kingdom.

I urged Management to follow up the matter with the Ministries of Foreign Affairs, Finance, Planning and Economic Development, Gender, Labour and Social Development and other relevant stakeholders for a sustainable solution.

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, Riyadh.

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, Riyadh ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Uganda Embassy, Riyadh, 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, Riyadh 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 International Standards for Supreme Audit Institutions on Auditing (ISSAs) 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 International Standards for Supreme Audit Institutions on Auditing (ISSAs), 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, Riyadh 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, Riyadh 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, Riyadh 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.



John F.S. Muwanga
AUDITOR GENERAL
6th December 2017

FINANCIAL STATEMENTS - APPENDED