

**OFFICE OF THE AUDITOR GENERAL**



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL**

**ON THE FINANCIAL STATEMENTS OF**

**UGANDA EMBASSY TOKYO**

**FOR THE YEAR ENDED 30<sup>TH</sup> 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
¥	Japanese Yen

**UGANDA EMBASSY, TOKYO**

**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, Tokyo which comprise the Statement of Financial Position as at 30<sup>th</sup> 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, Tokyo as at 30<sup>th</sup> 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, Tokyo 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 Matter**

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

- **Renting of Property**

Paragraph j of the mission charter referenced MFA/X/16 of 16<sup>th</sup> April 2014 require the mission to identify and facilitate acquisition, development and maintenance of at least one government property in Tokyo annually. 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 ¥ 41,579,200 equivalent to UGX.1,310,673,048 .This cost would be saved in the long run if an attempt to acquire own property through the budget process is made. The details of the rent expenditure are shown below:

	<b>Rented for</b>	<b>Annual rent(¥)</b>
1	Head of mission	10,560,000
2	Chancery	16,800,000
3	Counsellor/ Accounting Officer	4,420,000
5	Third Secretary	2,539,200
6	Financial Attaché	3,600,000
6	Administrative attaché	3,660,000
	Total	41,579,200

The Accounting Officer explained that during the year under review the mission undertook inspection of property for acquisition but lacked the requisite funds. The Embassy is following up on the matter with the Ministry of Foreign affairs and that of Finance, Planning and Economic Development for redress.

I urged Management to continue following up the matter with the relevant authorities and ensure that the mission acquires its own premises to save on rent.

### **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, Tokyo.

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, Tokyo ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Uganda Embassy, Tokyo, 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, Tokyo 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, Tokyo 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, Tokyo 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, Tokyo 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 communicated 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**

6<sup>th</sup> December 2017

**FINANCIAL STATEMENTS - APPENDED**