



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA EMBASSY BERLIN, GERMANY
FOR THE YEAR ENDED 30TH JUNE 2017

OFFICE OF THE AUDITOR GENERAL
UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA EMBASSY BERLIN, GERMANY
FOR THE YEAR ENDED 30TH JUNE, 2017

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Uganda Embassy Berlin for the year ended 30th June 2017. These financial statements comprise of the statement of financial position, the statement of financial performance, and cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements of Uganda Embassy Berlin for the year ended 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 of Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement's section of my report. I am independent of the Authority 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 (Parts A and B) (IESBA Code), the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. 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, are of most significance in my audit of the financial statements of the period. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

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

- **Mission Charter**

The Embassy has a Mission Charter that sets out its jurisdiction and targets to be achieved by the Mission. The current Charter sets the jurisdiction of the Embassy to cover Germany and Austria. However, it was observed that the mission covers more areas than those specified in the Charter. The Mission also covers the Czech Republic, Hungary, Slovak Republic, Bulgaria, Poland and Romania and the targets for these have not been included in the Mission Charter as such the charter is out of date. There is a risk that the omitted areas under jurisdiction by the Charter are not adequately covered.

Management explained that the mission sent a draft mission charter to the Ministry of Foreign Affairs pointing out the need to widen targets of the mission to take into account the earlier omitted areas under jurisdiction. The Ministry was yet to respond but management had reliably been informed that all missions' charters are being worked upon.

I advised management to draw the matter to the attention of the permanent secretary and the Hon. Minister of foreign affairs and have the Draft Charter finalized and approved.

- **Procurement of Motor vehicle**

The mission procured a motor vehicle (Mercedes Benz) at a cost of €52,055.36 for a staff of the Mission, however the following were noted;

- I noted that there was no designated person to the PDU contrary to Section 4.2 of the PPDA (PDE outside Uganda) regulations, 2014 that requires the Mission to have one person.
- The evaluation committee appointed included the beneficiary staff and this could have led to conflict of interest.
- I noted that the evaluation of the proposals was undertaken jointly by the contracts committee and the evaluation committee contrary to section 3 (3) of the PPDA (Evaluation) regulations, 2014 that requires a member of a Contracts Committee not to be a member of an evaluation committee. The roles of these committees are meant to be independent as specified in the regulations.

- A review of the contracts committee minutes revealed that the evaluation criteria used differed from the approved criteria contrary to section 7 (1) of the PPDA (Evaluation) regulations, 2014 that requires the evaluation of a bid, to be conducted in accordance with the evaluation criteria stated in the bidding document. Variances noted areas below;

S/N	Approved evaluation criteria	Used criteria
1	Safety	Period Of Delivery
2	Reliability	Good Quality And Reliability
3	Durability	Good Discount
4	Elegancy	Low Fuel Consumption
5	Economic	
6	Road Performance	

- The assessment of each of the above criteria was not clear but rather ambiguous contrary to section 24 (2) of the PPDA (rules & methods) regulations, 2014 that requires a PDE to inform a bidder how closely and effectively a bidder can meet the requirements in the statement of requirements.

There is a risk that value for money may not have been achieved.

Management explained that they had since sought guidance from the procurement and disposal unit of the Ministry and have been advised on how to handle future procurement and disposal processes.

I advised the Accounting Officer to ensure that a request for a PDU person is submitted for immediate filling and in future procurements are undertaken in accordance with the regulations.

Responsibilities of the Accounting Officer 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 the Embassy.

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 the Financial Reporting Guide, 2008, and for such internal control as management determines is

necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Embassy's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Agency, and using the Financial Reporting Guide 2008 unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Embassy's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives 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 ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism 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 Embassy's 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 Authority's 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 Embassy 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

KAMPALA

22nd December, 2017

FINANCIAL STATEMENTS