



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDAN EMBASSY IN ABUJA
FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL
UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDAN EMBASSY IN ABUJA
FOR THE YEAR ENDED 30TH JUNE, 2018

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of Ugandan Embassy in Abuja for the year ended 30th June 2018. 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 Ugandan Embassy in Abuja for the year ended 30th June 2018 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act, 2015, and the Financial Reporting Guide, 2018.

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 Mission 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, were of most significance in my audit of the financial statements of the current period.

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.

- **Engraving of Mission Property**

An inspection of the second secretary residence conducted on 31/8/2018 revealed that the Mission property at that residence had not been engraved.

This creates a risk that the items cannot easily be identified in case of loss. According to the Accounting Officer the engraving process is still ongoing and being completed.

The matter requires urgent attention.

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 Ugandan Embassy in Abuja

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, 2018, 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 Mission's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Ugandan Embassy in Abuja, and using the Financial Reporting Guide 2018 unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Mission'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 Mission'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 Mission'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 Mission 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.

Other Reporting Responsibilities

In accordance with sections 19(1) of the National Audit Act, 2008, I report to you, based on my work described on the audit of Financial Statements, that the activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities, which govern them.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

The material findings in respect of the compliance criteria for the applicable subject matters are as follows;

- **Refund of Medical Expenses**

Section M (m-a) (14) of the Public Service Standing Orders, 2010 requires Foreign Service Officers, while serving in a mission abroad, to be covered by full medical insurance. This should cover both in-patient and out-patient treatment. Medical insurance should also be provided for the spouse and up to four children.

Contrary to the above requirement, audit noted that the Mission does not have a medical scheme and staff are reimbursed for their medical expenses. The refunds are made without any prescription by qualified medical personnel.

The mission paid **NGN 496,100** in respect of medical expenses/refunds of its staff as shown **Appendix I**.

There is a risk of making refunds based on false claims/bills since it is difficult to verify the correctness of bills obtained from the various health units.

According to the Accounting Officer the Mission has a medical insurance scheme agreement with AXA Mansard attached as Appendix 1. The Mission however, incurred the said direct medical expenses at a time when the introduction process

and issuance of medical insurance card for one member of staff (Margaret Driciru) had not yet been completed. Direct Medical expenses for other members of staff were incurred when the AXA Mansard medical insurance company, had unresolved issues with the hospital (Turkish Nizamiye) and the hospital had declined receiving any patients from AXA Mansard until those issues had been resolved. The Mission responded to this situation by summoning the insurance company and seeking for clarification on the matter (as attached appendix i), and the situation was addressed (as members of staff regained access to the specialized hospital under the medical insurance cover.

The Accounting Officer should endeavor to obtain full medical insurance cover for its officers as required. Alternatively, any payments outside the scheme should be authenticated by qualified medical personnel.

- **Lack of Board of Survey Report**

According to Section 34(3) of the PFMA 2015, the Accounting Officer shall cause the assets and the inventories of a vote to be inspected regularly and for written reports on the general conditions of the assets and inventories and the storage facilities for the inventories to be made regularly.

The Board of Survey report was presented for audit verification. This weakens control over the assets.

According to the Accounting Officer the Board of Survey Report for the Mission for financial year 2017/18 was being finalised by the time of audit.

The matter requires urgent attention.

- **Proposed Construction of Chancery Building on Plot 311 Cadastral Street**

The Auditor General's report to Parliament of the previous year had reported a risk of losing the plot if it remains undeveloped.

It was observed that a contract for consultancy services for the preparation of designs and construction supervision for the Chancery Building had been signed dated 28th June 2018.

However, it was observed that the Mission had not appointed a contract manager for purposes of monitoring and supervising the contract contrary to PPDA Guidelines. This weakens the controls over the monitoring and supervision of the contract.

According to the Accounting Officer the appointment of the management team for this project is being undertaken. The officers to be included on the team have already been identified, and are only awaiting formal appointment.

I await the outcome.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, stylized flourish at the end.

John F.S. Muwanga
AUDITOR GENERAL

KAMPALA

17th December, 2018

APPENDICES

MEDICAL EXPENSES REFUND-Appendix I

| VOUCHER | DATE | PAYEE | DESCRIPTION | AMOUNT(NGN) | REMARKS |
|--------------|------------|------------------|---|----------------|---------------------------------|
| 4569 | 8/15/2017 | Kalinaki Hajarah | Refund of medical expenses-Hajarah Kalinaki | 21,900 | cant medical scheme cover this? |
| 4784 | 11/16/2017 | Byalufu Nurh | Refund of medical expenses-Byarufu Nurh | 123,200 | cant medical scheme cover this? |
| 4786 | 11/21/2017 | Kalinaki Hajarah | refund of medical expenses | 40,200 | cant medical scheme cover this? |
| 4846 | 12/13/2017 | Kalinaki Hajarah | Refund of medical expenses-Hajarah Kalinaki | 23,000 | cant medical scheme cover this? |
| 4842 | 12/8/2017 | Luka Adamu | Refund of medical expenses-Luka Adamu | 60,000 | cant medical scheme cover this? |
| 4841 | 12/8/2017 | Driciru Margaret | Refund of medical expenses-Driciru M | 122,100 | cant medical scheme cover this? |
| 4922 | 1/16/2018 | Driciru Margaret | Refund of medical expenses | 25,000 | cant medical scheme cover this? |
| 5255 | 5/17/2018 | Driciru | refund fo medical expenses | 80,700 | cant medical scheme cover this? |
| TOTAL | | | | 496,100 | |

FINANCIAL STATEMENTS