



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDAN EMBASSY IN BRUSSELS
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 BRUSSELS
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 Brussels 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 Brussels 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.

- **Empty plot**

As reported in the previous year Audit report, the mission owns a plot of land at Plot 35, clos de Lauriers- 1150 Woluwe St.Perrie. This is where the former official residence of the Ambassador was located and demolished. Consequently the land is no longer entitled to diplomatic Immunity because the Head of Mission is not living on the Project.

There is a risk that the Authorities may repose the land because of lack of development.

According to the Accounting Officer the issue of the empty plot has indeed been mentioned in several reports, be them audit, inspection, PAC or Official delegations to Brussels, to mention a few. It is hoped that when the renovation of the Chancery is completed, some funding can be got to redevelop the empty plot.

The matter requires 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 Brussels

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 Brussels, 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.

However, it was observed that the Embassy spent EURO. 1,087.51 on refunds for medical expenses to its officers. The refunds were made on presentation of receipts

by the staff without any prescription by qualified medical personnel as shown in **Appendix 1.**

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

According to the Accounting Officer the mission is in the process of procuring group medical insurance for the staff because the individual insurance is very expensive. However, the challenge with medical insurance in Brussels is that unlike some other stations whereby once medical insurance is procured an electronic insurance card is given and is presented for medical consultation and purchase of medication for deduction of the insured provisions in Brussels, it is difficult. Even after paying for medical insurance, one has to pay at the time of consultation and purchase of medication then later make a claim to the insurance company and which takes its time to refund, if ever it does so. Hence, members of staff will still have to pay cash at the time when they receive the service and purchase of medication and then a claim will be submitted by the embassy to the insurance company. In the meantime, the embassy would still have to refund the officer the funds spent. Please find attached the relevant documentation for consultation and receipts for purchase of medicines.

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.

- **Non-submission of Quarterly Procurement Reports to PPDA**

PPDA Regulation 5 (1) & (2), 2014 for PDEs outside Uganda requires "a procuring and disposing entity outside Uganda after every three months to submit a report to the Authority on all procurement and disposal contracts awarded during the three months.

The report is required to be submitted within fifteen days after the end of the three months to which it relates.

It was observed that the Mission did not submit quarterly procurement reports to the Authority as required. In such instance, the Authority may have missed relevant data for proper planning of Embassy activities.

According to the Accounting Officer the procurement reports have been prepared and submitted to PPDA for the relevant data to be captured. Moving forward the Mission will endeavor to submit these reports on a timely basis.

The Accounting Officer is advised to comply with the PPDA law.

- **Assets Management.**

According to section 34(1) of the PFMA 2015 the Accounting Officer is responsible for the Management of the Assets and the Inventories of a vote.

However the following short comings were identified during the Audit inspection conducted on 4th September 2018.

Lack of Maintenance of the Chancery.

The Audit observed that the Chancery was in dire need of renovation with the following notable short comings;

Figure 1: Broken wooden floors in the Basement



Figure 2: The Electrical installations are too old and don't meet the minimum standards by the Authorities and Insurance.



Figure 3: Leakage

Ceiling in the corridor damaged by water from the leaking roof



According to the Accounting Officer the Mission has undertaken the long and arduous procurement process. It is now in final stages and to be concluded soon pending availability of all funds. During the financial year the Mission has been allocated more than half of the funding required to start the renovation. The draft contract is now in final stages of being fine tuned in preparation for signing and embarking on the actual renovation.

The matter requires urgent attention.

Handwritten signature of John F.S. Muwanga.

John F.S. Muwanga
AUDITOR GENERAL

KAMPALA

27th November, 2018

APPENDICES

Appendix I: Medical Refunds

Vr No.	Date	Details	Amount (Euro)
PV.6087	27/6/2018	refund for medical expense to Engola Eunice Akoa	430
PV.3302	27/6/2018	refund for medical expense to Mr. ASABA AMOOTI WINYI	102
PV. 6096	12/11/2017	refund for medical expense to Tarsis TuryasinguraPV.6096	555.51
		Total	1,087.51

FINANCIAL STATEMENTS