



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**UGANDA HIGH COMMISSION, CANBERRA-AUSTRALIA**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**OFFICE OF THE AUDITOR GENERAL**  
**UGANDA**

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## **LIST OF ACRONYMS**

<b>Acronym</b>	<b>Meaning</b>
<b>GOU</b>	Government of Uganda
<b>IESBA</b>	International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>NDP</b>	National Development Plan
<b>PFMA</b>	Public Finance Management Act, 2015
<b>UGX</b>	Uganda Shillings
<b>FY</b>	Financial Year

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**THE RT. HON. SPEAKER OF PARLIAMENT**

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

I have audited the financial statements of the Uganda High Commission, Canberra - Australia for the year ended 30<sup>th</sup> 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 the Uganda High Commission, Canberra for the year ended 30<sup>th</sup> 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 matters other than those presented or disclosed in the financial statements:

- **Grounded Vehicle**

The Mission purchased a KIA vehicle at a cost of AUD.28,800 in 2006 which had been in use for now a period of 11 years. However, I observed that the vehicle had been grounded since June 2017.

Failure to repair the vehicle could lead to further impairment of its value.

Management noted the audit observation, and the vehicle in question has been listed down as an asset due for disposal in the Annual Board of Survey report for 2018, and subsequently a letter sent to Accountant General seeking his approval to constitute a Board of Survey.

I advised the Accounting Officer to expedite the process of disposing the car to avoid further deterioration.

- **Mission Charter**

In the previous audit report, I pointed out that the Mission charter was in draft form and had not been approved by the Ministry of foreign affairs. Further the draft Charter contained ambitious targets which required significant amounts of funding to achieve. During the year under review, it was observed that whereas the Mission reviewed the charter to reflect realistic targets and submitted to the Ministry, the charter had not yet been approved.

In absence of an approved charter there is a risk that Mission's operation activities may not be aligned to its strategic objectives.

The Accounting Officer promised to continue to follow up the matter with Ministry of Foreign Affairs to ensure that the Mission charger is approved.

I advised the Accounting Officer to liaise with the line Ministry to ensure that the Charter is approved

- **Appraisals of staff**

The Mission has 5 home based staff and 7 local staff who should be appraised on an annual basis. However I noted that the Mission confirmed staff who had been on probation also renewed contracts of other staff despite not undertaking staff appraisal.

In absence of appraisals I could not establish how the decisions to confirm and renew contracts were made.

The Accounting Officer noted the audit observation and explained that standard appraisal forms had been designed for contract staff and appraisals done.

I advised the Accounting Officer to ensure that regular appraisal of staff is conducted in order to enhance staff performance.

### **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 Uganda High Commission, Canberra.

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 Mission's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Uganda High Commission, Canberra, 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 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 Uganda High Commission, Canberra 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:

Except for the matters raised in the compliance with legislation section below, and whose effect has been considered in forming my opinion on the financial statements, 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:

- **Inadequate Functioning of the PDU**

The Mission spent UGX.63,000,000 under the capital development budget. The Mission established a PDU unit with a designated officer and a contracts committee appointed. I reviewed the procurements and noted the following shortcomings;

- There was no procurement plan in place to guide the procurements of goods and services undertaken.
- There were no Contract Committee minutes for approval of methods of procurements and appointment of evaluation committees.

- There were no evaluation committees appointed to evaluate the procurement undertaken.
- The procurement reports were prepared but not submitted to PPDA as required by the regulations.

The non-compliance with procurement guidelines hinders competition in the procurement process and may deny the entity value for money for goods and services procured.

The Accounting Officer explained that;

- a) Since the introduction of the Programme Budgeting System (PBS), procurement plans are incorporated with mission work plans during budget preparation; this is why a copy of the plan was not found on the procurement file. However, going forward, the Mission will keep a separate copy of Procurement plan on file.
- b) The Mission regretted that there were no minutes for contracts committee as this was an oversight that was since then been corrected, the contracts committee now sits for every procurement before commitment is made.
- c) Evaluation committees have been put in place and are now functional as prescribed by law.
- d) Quarterly procurement reports are submitted to PPDA as the regulations stipulates, a copy of FY 2018/19 quarter 1 Procurement Report forwarded to PPDA is herewith attached.

I advised the Accounting Officer to ensure strict adherence to the procurement guidelines in order to enhance transparency and accountability of the procurement process.



John F.S. Muwanga

**AUDITOR GENERAL**

KAMPALA

22<sup>nd</sup> December, 2018

**FINANCIAL STATEMENTS**