



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE UGANDA EMBASSY IN KIGALI- RWANDA
FOR THE YEAR ENDED 30TH JUNE, 2018

OFFICE OF THE AUDITOR GENERAL
UGANDA

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ACRONYMS

ACRONYM	MEANING
GoU	Government of Uganda
IESBA	International Ethics Standards Board for Accountants
ISSAIs	International Standards for Supreme Audit Institutions
MoFA	Ministry of Foreign Affairs
MoFPED	Ministry of Finance, Planning and Economic Development
NTR	Non Tax Revenue
PFMA	Public Financial Management Act
PS/ST	Permanent Secretary and Secretary to the Treasury

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE
UGANDA EMBASSY IN KIGALI- RWANDA FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2018**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of the Uganda embassy Kigali, Rwanda for the year ended 30th June 2018, which comprise the Statement of Financial Position as at 30th June 2018, the Statement of Financial Performance, Statement of Changes in Equity and statement of Cash flows together with other accompanying statements and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Uganda High Commission, Kigali, Rwanda, 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 for Opinion

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs) and 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 High Commission, Rwanda, 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 Matter

Key audit matters are those matters that, in my professional judgment, are 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.

Emphasis of Matter

Without qualifying my opinion, I draw your attention to the following matter, which have also been disclosed in the financial statements;

- **Un-authorized Expenditure**

A review of the financial statements for the year revealed that the embassy over spent its authorized budget by a total of UGX.359,481,704 comprising goods and services; UGX.124,187,130 and employee costs; UGX.235,294,574. I did not obtain evidence of authorization by the Minister as required by the Public Financial Management Act (PFMA) 2015.

Spending over and above the approved provisions contravenes the intentions of the appropriating authority.

The Accounting Officer explained that the Mission received a new officer who had not been budgeted for. Subsequently, he wrote to the PS/ST requesting for more funds who in response advised that the Mission should accommodate the expenditure requirements within the available resources. This inevitably resulted in over expenditure.

I advised the accounting Officer to always seek for approval in case of need for virement, re-allocations or supplementary funds to avoid un- authorized expenditure. I also advised that a budget provision to cater for this staff should be made in the subsequent budgets to avoid future reoccurrence.

- **Accumulation of Domestic Arrears**

I observed that the Embassy had accumulated payables of UGX.391,582,778 at the end of the financial year under review implying an increase of Ugx.219,432,239 (127%) in comparison with the previous year's amount of UGX. 172,150,539. I also observed that there was no budget provision for settlement of outstanding domestic arrears.

Failure to pay creditors may result in costly litigation and freezing of the Embassy's bank Accounts.

In response, the Accounting Officer explained that the commission was granted a supplementary budget and went ahead to commit funds on activities. However, the supplementary was realized in FY 2018/2019.

The Accounting Officer was advised to enhance controls surrounding management of domestic arrears.

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 PFMA, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of Uganda embassy Kigali.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the PFMA 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 ability of the High Commission to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Commission and using the PFMA 2015, unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Uganda High Commission 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 ISSAI's 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 ISSAI's, 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 Commission'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 ability of the Commission 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 Commission 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 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

17th December 2018