



**THE REPUBLIC OF UGANDA**

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

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

**TABLE OF CONTENTS**

LIST OF ACRONYMS ..... 3

Opinion ..... 4

Basis of Opinion ..... 4

Key Audit Matters ..... 4

Other Matter ..... 5

Medical Refunds ..... 5

Mission Charter ..... 5

Responsibilities of the Accounting Officer for the Financial Statements ..... 6

Auditor’s Responsibilities for the Audit of the Financial Statements ..... 6

Other Reporting Responsibilities ..... 8

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION ..... 8

Procurements ..... 8

## **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>PFMA</b>	Public Finance Management Act, 2015
<b>UGX</b>	Uganda Shillings
<b>UPE</b>	Universal Primary Education
<b>FY</b>	Financial Year

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**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018**

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

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

I have audited the financial statements of the Uganda High Commission, Kuala Lumpur - Malaysia 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, Kuala Lumpur 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. These matters were addressed in the context of my audit of the financial statements as a whole, and in

forming my opinion thereon, and I do not provide a separate opinion on these matters. I did not identify any Key audit matter.

### **Other Matter**

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

- **Medical Refunds**

The Mission operates a medical scheme which only covers confinement/treatment in hospitals or clinics. Out-patients are not covered by the scheme but are required to pay medical bills and seek for refund from the Mission.

During the year under review, UGX.48,293,717 was spent in respect of medical refunds. However supporting documents such as receipts from a service provider lacked details of the medical services provided. I therefore could not ascertain whether medical services were provided.

The Accounting Officer explained that the Mission previously operated a medical insurance scheme that covered hospitalization but did not cater for out-patients and therefore staff that incurred medical expenses on out-patient treatment were refunded directly. The Accounting Officer further explained that the Mission had engaged the medical insurance service provider and a more comprehensive cover including out-patient, general hospitalization and critical illness secured; however there are sicknesses that the policy does not cover

I advised the Accounting Officer to consider having a medical scheme that is comprehensive enough to cater for the basic medical needs of the Mission staff.

- **Mission Charter**

In the previous audit report, I pointed out that the mission charter was in draft and had not been approved by the Ministry of foreign affairs. Further the draft Charter contained ambitious targets and would require significant amounts of funding to accomplish. However I 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, it is difficult to undertake performance measurement of the activities of the mission.

The Accounting Officer explained that the Mission would follow up Mission Charter approval processes with Ministry of Foreign Affairs.

I advised the Accounting Officer to pursue with the Ministry to ensure that the charter is approved.

### **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, Kuala Lumpur.

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 Uganda High Commission, Kuala Lumpur, 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, Kuala Lumpur 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:

- **Procurements**

I noted that the Mission has an officer designated as head PDU and a contracts committee approved and appointed. However, I observed the following;

- The contracts committee also acted as an evaluation committee which was contrary to Section 1.12 and 1.3 of the PPDA guidelines for procurement by missions abroad regarding the functions of the two committees.
- Section 3 of the PPDA guidelines for procurement and disposals by missions abroad requires the Accounting Officer to report on a quarterly basis the procurements undertaken during the period to PPDA. However, no reports were prepared and submitted.

In absence of the above, there was a risk that procurements undertaken were not adequately evaluated and awarded

The Accounting Officer explained that the challenges highlighted during the reporting period were due to constraints in staffing at the time. However, the following have been done:

- Contracts committee and Evaluation Committee were appointed and inducted on their respective responsibilities.
- The PPDA forms for necessary approvals and reporting are also currently being used.
- The quarterly reports have been made and anomaly corrected.

I advised the Accounting Officer to ensure strict adherence to procurement guidelines



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John F.S. Muwanga

**AUDITOR GENERAL**

KAMPALA

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

**FINANCIAL STATEMENTS**