



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDAN EMBASSY IN MOSCOW
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 MOSCOW
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 Moscow 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 Moscow 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.

- **Renting of Property**

Paragraph (h) of the mission charter (unsigned but recognized by the mission) of 12th September 2017 requires the mission to acquire at least one government property. However it was observed that the mission does not own any property. Accordingly the chancery, the official residence and other residences for staff are rented at an annual cost of Rubbles 19,147,321.80 equivalent to UGX 1,275,889,532 representing 36 % of the mission budget. This cost could be saved in the long run if an attempt to acquire own property through the budget process is made. The details of the rent expenditure are shown below:

	Rented for	Annual rent(Rubbles)
1	Head of mission	2,861,481.12
2	Chancery	4,045,423.50
3	Deputy Head Of Mission	3,999,902.64
4	Accounting Officer	2,340,000.00
5	Third secretary	2,084,985.66
6	Financial attaché	1,348,750.62
7	Administrative attaché	2,327,802.40
8	Official car parking	138,976.42
	Total	19,147,321.80

The Accounting Officer explained that acquiring of own property was cost effective and would address for example the inadequate office space being experienced at the chancery. It was further observed that in a meeting held between H.E the President and the top management of the Ministry of Foreign affairs on 22 October 2016 at State House Entebbe H.E the President directed that resources be allocated for acquisition of property for Moscow mission among others.

The Head of Mission is urged to follow up the matter and ensure that the mission acquires its own premises to save on rent.

- **The Mission Charter and Performance Reporting.**

The mission charter indicates the strategic direction of the mission. Accordingly the quarterly as well as the annual performance reports should be based on the strategic objectives specified in the mission charter.

However it was observed that the mission charter was not comprehensive enough to indicate among other things, the key stakeholders and their responsibilities in regard to its implementation, timeframe, and the resources required. Similarly the constraints likely to be faced, the mitigation measures and communication strategies needed to interface with the key stakeholders were also not disclosed.

It was also observed that although most of the strategic objectives in the mission charter were quantified the performance reports availed lacked quantified performance indicators and outputs. Consequently it was not possible to measure the extent of performance against the mission charter strategic objectives. For example the strategic objective (c) of the mission charter requires the mission to promote at least \$ 50 million worth of Uganda exports to the countries of accreditation per year. However the quarterly and annual performance reports for the financial year availed for audit did not quantify the extent to which this objective was met.

The Accounting Officer explained that the Ministry of Foreign Affairs and the Mission were in process of developing a strategic plan with the support of the National Planning Authority for the period 2017/18-2019/20. Once this phase is completed the mission charters will be derived from the strategic plans.

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 Moscow

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 Moscow , 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 finding in respect of the compliance criteria for the applicable subject matter is as follows;

- **Un translated Documents**

Section P (P-b)(7) of the Public Service Standing Orders provides that, If an officer receives documents written in a language other than English, and it is necessary to refer

such documents to other departments or officers, he or she should arrange for the documents to be translated by a designated translator or professional and for such translations to be available to other interested departments or officers.

However, it was observed that key supporting documents at the mission were not translated. For example tenancy agreements for which annual rent of Rubbles 19,147,321.80 equivalent to UGX 1,275,889,532 had not been translated from Russian to the English .Un translated documentation rendered audit verification difficult. The Accounting Officer attributed the short coming to language barrier and to the fact that the official interpreter was overwhelmed with work as he also doubled as a receptionist. The mission will inform the Ministry of Foreign Affairs and the Ministry of Finance, Planning and Economic development about the additional staffing and funding requirement in order to address the shortcoming.

I advised the Accounting Officer to follow up the matter.



John F.S. Muwanga
AUDITOR GENERAL

KAMPALA

27th November, 2018

FINANCIAL STATEMENTS