



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL

ON THE FINANCIAL STATEMENTS OF UGANDA HIGH COMMISSION, TEHRAN

FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL

UGANDA

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LIST OF ACRONYMS

Acronym	Meaning
GOU	Government of Uganda
IEC	Information, Education and Communication
INTOSAI	International Organization of Supreme Audit Institutions
ISSA	International Standards on Auditing
PFMA	Public Finance Management Act, 2015
UGX	Uganda Shillings

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA
HIGH COMMISSION, TEHRAN FOR THE YEAR ENDED 30TH JUNE 2018**

THE RT. HON. SPEAKER OF PARLIAMENT

Qualified Opinion

I have audited the accompanying Financial Statements of Uganda High commission, Tehran 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 for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 39

In my opinion, except for the possible effects of the matter described in the basis of qualified opinion, the financial statement for the Mission 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.

Basis of qualified Opinion

- **Unaccounted for Cash In Transit**

Cash in transit is revenue collected by the Embassy remitted to consolidated fund but has not yet been acknowledged by Treasury.

The Embassy reported UGX.58, 323,838 as cash in transit in the previous year's financial statements as part of cash and cash equivalents. However, this amount is neither shown as cash in transit nor received by treasury and reflected in the cash flow statement.

There is a risk that these funds could have been misappropriated, as they are not disclosed.

I advised the Accounting Officer to avail evidence of transfer of the money to consolidated fund to rule out the possibility of diversion of money.

- **Un-supported adjustment of cash and cash equivalents**

The statement of changes in equity (page 8) shows adjustment (write-down) of cash and cash equivalents by UGX. 47,790,877. However, the adjustment was not explained.

The accounting officer was advised to ensure that financial statements reflect a true and fair financial position of the Embassy.

- **Un- resolved Qualification Issues for Prior Year**

In the prior year audit report, a number of errors and omission were identified in the financial statements and they resulted in the qualification of the financial statements. However, review of the financial statements for the F/Y under review indicated that the errors were not addressed. Details are as shown below:

- i) Re-computation revealed that the operating surplus in the statement of financial performance was understated by UGX.20,558,254
- ii) The Cash and Cash Equivalents figure of UGX.73, 796,957 reported in the statement of financial position was not supported by certificates and end of year reconciliation.
- iii) The statement of arrears of revenue showed that the Mission had arrears of revenue amounting to UGX. 132,005,144 at the end of the previous financial year. However, this amount was neither reflected in the statement of financial position as receivables nor the Statement of Cash Flows as Cash Inflows.

Outstanding Errors/Omissions in the prior year imply that the Financial Statements for the financial year under review (2017/2018) are also misstated.

The Accounting Officer was advised to make appropriate adjustments to correct the errors in the financial statements.

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 Statements section of my report. I am independent of the Embassy 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, 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 further, I draw your attention to the following matters disclosed in the financial statements.

- **Un-authorized Excess Expenditure**

Review of the Embassy's Trial Balance revealed that two items were overspent by a total amount of UGX.334, 903,850 without necessary approvals as shown below:

code	Item	Budgeted expenditure	Actual expenditure	Amount
222001	telecommunications	23,688,000	28,394,445	(4,706,445)
223003	rent	975,314,000	1,305,511,405	(330,197,405)
				(334,903,850)

The practice contravenes the intentions of the appropriating authority, as well as denying funding the earlier planned for activities.

I advised management to always comply with the budget provisions and where inevitable seek necessary authority before reallocation of funds in accordance with the prescribed procedures.

- **Unsupported Cash and cash equivalents figure**

The statement of Financial Position reported Cash and Cash Equivalent amount of UGX.61, 067,984. However, the amount was not supported by end of year bank reconciliations nor bank certificates.

I was therefore unable to ascertain the accuracy of the reported amount

I advised the Accounting officer to always avail supporting documents for financial statement figures reported

Other Matter

In addition to the matters raised above, I consider it necessary to communicate the following matter other than those presented or disclosed in the financial statements:

- **Un- explained Adjustments Journals**

Review of the Embassy Trial balance showed journals passed for different items as shown in the table below. However, no explanation was given for the adjustments made. The schedule below refers;

code	Item	Amount
133102	Transfers from treasury	900,534
212201	Social Security contribution	2,191,258
221003	Staff training	3,592,316
221012	Small office equipment	106,448
223004	Guard and security	87,445
228004	Maintenance-other	981,336

- **Non –Remittance of NTR**

Section 32 of the PFMA 2015 requires that all revenue collected by a vote should be paid into and form part of the Consolidated Fund except with express authorization of Parliament to retain the revenue.

It was however noted that, UGX.37,743,425 collected by the Embassy during the year under review was not remitted to the consolidated fund as required by the law.

I advised the Accounting Officer to remit all the funds due to consolidated fund in accordance with the regulations.

Responsibilities of the Accounting Officer for the Financial Statements

Under Section 45 of the Public Finance Management Act, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of the Mission.

The Accounting Officer is responsible for the preparation of the financial statements in accordance with the requirements of the Public Finance Management Act, 2015, 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 Missions' ability to continue delivering its mandate, disclosing, as applicable, matters related to

delivery of services, unless Government either intends to discontinue the Agency's operations, or has no realistic alternative but to do so.

Auditors' 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 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 judgement 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 my 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 the 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 Hospital 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 management 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 management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them 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 management, 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

20th December 2017