



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF  
UGANDA PERMANENT MISSION TO THE UNITED NATIONS IN NEW YORK  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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

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OF THE PERMANENT MISSION OF UGANDA TO THE UNITED NATIONS, NEW  
YORK FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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

**Opinion**

I have audited the accompanying Financial Statements of the Permanent Mission of Uganda to the United Nations, New York which comprise the Statement of Financial Position as at 30<sup>th</sup> 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 7 to 38.

In my opinion, the financial statements of the Permanent Mission of Uganda to the United Nations, New York 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.

**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 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, I draw your attention to the statement of appropriation in the financial statements:

- **Unauthorized excess expenditure**

The appropriation Act passed by parliament provides an itemized budget for execution by the Accounting Officer.

Review of the statement of appropriation for the mission revealed that a sum of UGX.571,134,292 was incurred over and above the budget of the goods and services item without necessary approval as follows;

<b>Item</b>	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
goods and services	8,442,044,387	9,013,178,679	571,134,292

Unauthorized over expenditure distorts the intentions of the appropriating authority. It also implies that funds for other items have been encroached upon.

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.

### **Other Matter**

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

- **Strategic Planning and Mission charter**

The Mission Charter shows the scope and objectives of the Mission which outlines the strategic direction of the Mission for a specified period. It includes the outputs that the mission has to achieve in line with Government Policy and National development plans.

I noted that the Mission uses a Mission Charter which is not approved. The previous charter had been approved in 2014. In my previous audit, although management had finalized the Charter and promised to present it for approval to the Minister of Foreign Affairs, this has not been done, one year later. Relatedly, although the Mission had formulated a draft strategic plan for the 3-year period 2017/18 to 2019/20 not yet been approved. In the absence of approved Strategic plans and mission charter, there is a risk that the activities of the Mission are not aligned with the Government objectives under the NDPII and Uganda Vision 2040.

The Accounting Officer acknowledged the delay in approval of the charter. They further stated that the final strategic plan has since been submitted to National Planning Authority for approval. I advised management on the importance of such documents and the need to ensure constant follow up with the concerned offices to have them approved.

- **Utility and cleaning charges**

In addition to the rent paid by tenants for the hire of Uganda house, they also pay Utilities and cleaning fees to cater for electricity and garbage/cleaning charges.

According to the tenants' agreements reviewed, I noted that, on average, the Mission expects to collect an amount of USD158,770 annually from tenants in respect of cleaning (USD55,200) and Utilities (USD103,570). Through analysis of actual expenditure, I however observed that actual expenditure incurred for those services far exceeds the expected proceeds. On average, the monthly garbage collection expenditure amounted to USD14,500 (equiv. USD174,000 pa) while the electrical costs averaged USD15,650 pm (equiv. USD 187,800 pa).

This, coupled with the fact that some tenants don't pay for months, implies that the Mission is over-subsiding the tenants for those services, by almost USD203,030 pa, even after discounting the fact that the Mission also occupies some 2 floors (3<sup>rd</sup> & 4<sup>th</sup>). Moreover, the Mission also pays approximately USD200,000 in property taxes to the New York city authorities per annum. I advised management to undertake a financial analysis of actual expenditures incurred vis a vis what is collected for cleaning, utilities

and taxes and ensure that tenants pay for the actual amounts incurred for those services.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer and the commentaries by the Head of Accounts and the Accounting Officer, and other supplementary information. The other information does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **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 Permanent Mission of Uganda to the United Nations, New York.

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 University's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Permanent Mission of

Uganda to the United Nations, New York 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.



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John F.S. Muwanga  
**AUDITOR GENERAL**

20<sup>th</sup> December, 2018