



THE REPUBLIC OF UGANDA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
UGANDA EMBASSY IN BUJUMBURA
FOR THE YEAR ENDED 30TH JUNE 2018

OFFICE OF THE AUDITOR GENERAL
UGANDA

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LIST OF ACRONYMS

GOU	Government of Uganda
INTOSAI	International Organization of Supreme Audit Institutions
ISSAIs	International Standards of Supreme Audit Institutions
UGX	Uganda Shillings
F/Y	Financial Year
GCC	General Conditions of Contract
MoFPED	Ministry of Finance, Planning and Economic Development
PBS	Performance Budgeting System

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

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of the Uganda Embassy in Bujumbura 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 the Uganda Embassy in Bujumbura 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 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.

Other Matter

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

- **Under recovery of Advance Payment Security**

A sum of UGX.1, 070,244.7257 was paid to the contractor being 30% of the contract amount of \$ 3,567,482,419 as per GCC clause ref. 51.1 of the contract. It had also been agreed under GCC51.3 that the advance would be recovered by deducting equal amounts of UGX.356, 748.24 in the 4th, 5th and 6th months after the start date (21st September, 2017). However, examination of payments revealed that out of the recoverable amount of \$1, 070,244.73, only \$ 530,244.52 had been recovered leaving a balance of \$540,000. Details of recoveries are as shown in the table below:

CERTIFICATE No	ACTUAL RECOVERY(\$)
Certificate No.2	204,159.57
Certificate No. 3	326,084.00
TOTAL RECOVERIES	530,243.57

The anomaly was attributed to weaknesses in contract management

There is a risk of unnecessary loss of funds in case of the contractor failed to accomplish the contract.

I advised Management to recover the funds from the subsequent certificates.

- **Non Submission of Progress/Performance reports**

According to Section 21(3) of the Public Finance Management Act, 2015, an Accounting Officer is required to submit quarterly performance reports to the Secretary to the Treasury on the activities of the vote and the execution of the budget of the vote. Similarly, the Mission Charter requires the Head of Mission to report to the Ministry of Foreign Affairs, progress in implementation of mission activities on a quarterly basis. However the mission failed to provide evidence of quarterly performance or progress reports for audit verification. This was attributed to management's failure to prioritize this activity.

I was therefore unable to establish whether the Mission activities were implemented as planned. I was also unable to ascertain whether the mission achieved the key milestones spelt out in the mission charter.

The Accounting Officer explained that the Ministry of Finance requires preparation and submission of the reports through PBS but the Mission had not been trained to handle the software. He further explained that MOFPED has since provided training to staff and that the Mission will ensure that the reports are prepared and submitted accordingly.

I advised Management to ensure that performance assessment is made to enhance service delivery.

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 my 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 Uganda Embassy in Bujumbura.

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 Embassy in Bujumbura, 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 Uganda Embassy in Bujumbura 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;

- **Inadequate Control on Staff Accommodation**

Section 5 of part H-e of the Public standing orders, 2010, provides that Government shall provide housing for Foreign Service Officers while on posting. It further provides that the quality and size of accommodation shall be determined by the Head of Mission with approval of the Permanent Secretary, Ministry of Foreign Affairs while taking into account the location, duties, status and safety of accommodation of officers.

However, there was no evidence to show that the required assessment and approval was being done.

Absence of such controls could result in excessive rent expenditure as some staff could end up renting unnecessary space which increases the Embassy rent costs. It may also compromise the security of Mission staff.

Management explained that the Mission shall ensure a process of designing guidelines to streamline the assessment and approval of staff accommodation is initiated by the Head of Mission.

I advised the Management to initiate a process of designing guidelines to streamline the assessment and approval of staff accommodation.



John F.S. Muwanga
AUDITOR GENERAL

20th December 2018

