



**THE REPUBLIC OF UGANDA**

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF**  
**UGANDAN MISSION IN PARIS, FRANCE**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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

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## **LIST OF ACRONYMS**

<b>GOU</b>	Government of Uganda
<b>MoFA</b>	Ministry of Foreign Affairs
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ISSA</b>	International Standards on Auditing
<b>SIPs2</b>	Strategic Implementation Plans
<b>PFMA</b>	Public Finance Management Act, 2015
<b>TAI</b>	Treasury Accounting Instructions
<b>UGX</b>	Uganda Shillings
<b>USD</b>	United States Dollars
<b>F/Y</b>	Financial Year
<b>MDA</b>	Ministry, Department, and other Agencies

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**UGANDAN MISSION IN PARIS, FRANCE**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2018**

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

**REPORT ON THE FINANCIAL STATEMENTS**

**Qualified Opinion**

I have audited the accompanying financial statements of the Ugandan Mission in Paris 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements of the Ugandan Mission in Paris, 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 for Qualified Opinion**

- **Misstatement of Cash in Transit**

The Embassy reported UGX. 248,491,354 as cash in transit under Note 18 of the Accounts. However, there were no transfer schedules nor acknowledgement receipts for the funds.

In response, the Accounting Officer explained that teams from both the Ministries of Finance and Foreign Affairs made investigations regarding the funds and the outcome is still awaited.

The continued disclosure of the sum as cash in transit amounts to a misstatement of the Mission's end of year financial position.

I advised management to follow up the matter with the Ministries responsible for Finance and Foreign Affairs to have the funds recovered from the concerned staff. The financial statements should also be restated appropriately.

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 Commission 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 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 following matters reported under note 18 and 19 on page 23 of the financial statements:

- **Outstanding Arrears Of Revenue**

A review of the Mission's revenue documents and statement of arrears of revenue in the financial statements revealed a balance of UGX. 460,947,194 of which UGX 419,461,724 has been outstanding since the financial year 2014/15.

Long outstanding receivables could become uncollectible.

Management indicated that the long outstanding receivables matter had been investigated by the Ministry of Finance, Planning and Economic Development together with the Ministry of Foreign Affairs resulting into the recalling of the former Accountant.

I advised the Accounting Officer to follow up the matter and have it resolved conclusively without further delay.

- **Unauthorized Excess expenditure on item**

Contrary to the PFMA (2015), the Mission spent a sum of UGX.227,160,944 over and above budget appropriation on employee costs indicated in the schedule below;

<b>Expenditure Item</b>	<b>Budgeted Amount</b>	<b>Actual Expenditure</b>	<b>Excess Expenditure</b>
Employee costs	2,344,481,466	2,571,642,410	227,160,944
<b>TOTAL</b>			<b>227,160,944</b>

The practice contravenes the intentions of the appropriating authority and leads to diversion of funds from activities which had been planned for.

Management attributed the anomaly to the significant shortfalls that the Embassy experienced especially on the implementation of the new staff structure, comprising of an additional staff without the requisite resources.

I advised management to always comply with the budget provisions and where inevitable seek necessary authority before reallocating 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:

- **Lack of Budgets for Non -Tax Revenue (NTR)**

A review of the financial statements for the year revealed that although the Mission had not budgeted for NTR collection during the year, it collected UGX 343,473,127, of which UGX.301,987,657 was remitted to the Consolidated Fund. I pointed out this anomaly to the Accounting Officer, who stated that he was not aware of this requirement.

Failing to budget for NTR distorts the revenue sources of the entity and renders efforts to evaluate budget performance in this regard difficult due to lack of a basis for assessment. Lack of targets may also create laxity in revenue collection on the part of management.

The Accounting Officer is advised to comply with the provisions of the Budget Act, 2001, the Financial reporting Guide 2018, and the provisions in the chart of accounts as issued by the Accountant General.

### **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 Human Rights Commission.

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 Commission's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Uganda Human Rights Commission, 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 Commissions' 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 Commission'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 Commission'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 Human Rights Commission 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**

23<sup>rd</sup> November, 2018