



THE REPUBLIC OF UGANDA

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

OFFICE OF THE AUDITOR GENERAL
UGANDA

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ACRONYMS

Acronym	Meaning
CAD	Canadian Dollars
GoU	Government of Uganda
IESBA	International Ethics Standards Board for Accountants
ISSAIs	International Standards for Supreme Audit Institutions
NTR	Non Tax Revenue
PFMA	Public Financial Management Act
PPDA	Public Procurement and Disposal of Assets
TAI	Treasury Accounting Instructions
UCF	Uganda Consolidated Fund
UGX	Uganda Shillings
USD	United States Dollars
VAT	Value Added Tax

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

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of the Uganda High Commission, Ottawa, Canada for the year ended 30th June, 2018, 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 together with other accompanying statements and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Uganda High Commission, Ottawa, Canada, 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, 2008.

Basis for Opinion

I conducted my audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs) and the National Audit Act 2008. 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 Uganda High Commission, Ottawa, Canada, 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 (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

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 following matter, which has also been disclosed in the financial statements;

Unauthorized excess expenditure

The appropriations Act provides the itemized budget for execution by the Accounting Officer. Variation of expenditure within a vote can only be done on authority of the Minister responsible for finance in accordance with section 22 of the Public Finance Management Act, 2015. However review of the mission statement of appropriations based on nature of expenditure revealed unauthorized excess expenditure on two items as follows;

No.	item	Budgeted expenditure	Actual expenditure	excess
1.	Goods and services	1,865,102,452	1,888,475,323	23,372,871
2.	Consumption of property, plant and equipment	59,999,750	187,354,578	127,354,828

Unauthorized excess expenditure distorts the intentions of the appropriating authority.

Management attributed the excess expenditure to emergency medical costs incurred on a staff member. It was further explained that requests for supplementary funding from Treasury were not honoured and instead the mission was advised to utilize the available resources.

I advised management to always ensure that necessary authorization is obtained before incurring expenditure as prescribed in the Public Finance management Act,2015.

Other Matter

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

Rental Expenditure

Owing to the non-habitable nature of the Chancery building and official residence, the Uganda High Commission in Canada rents office premises at 350 Sparks street in Ottawa, at Canadian \$46,188 and the official residence at Canadian \$140,844 annually which is equivalent to a total of UGX.538,366,001 (At exchange rate of Canadian \$1 = UGX.2878.47).

The following observations were made;

- The High Commission owns two properties which were however vacated due to poor physical state and are scheduled for demolition.
- Consultancy for demolition of the old Chancery building and construction of new premises has been ongoing since March 20th 2015 which is considered unnecessarily long period.
- Continued renting of premises is contrary to the High Commission Charter which requires development and maintenance of at least one government property every financial year.
- The rental expenditure represents significant foreign exchange outflow.

In response management stated that the neighbourhood (Sandy Hill) appealed against the demolition /construction permit issued to the Mission by Ottawa City Authorities and a hearing was set for November 2018. The Mission has engaged all relevant authorities presenting to them the studies that were undertaken that support the demolition. With the approval being upheld come November, the mission will proceed to demolish and start on construction of the chancery. On the residence matter, the mission intends to undertake major renovations and requests for funds have been forwarded to the development committee of the Ministry of Foreign Affairs

Management should engage all relevant diplomatic means to expedite the process of obtaining necessary approvals and have the construction and renovations done as this will greatly reduce the foreign exchange outflow associated with rent expenditure.

Review of implementation of the Mission Charter

The Ottawa mission Charter prescribes 8 areas of focus on which the High Commission is required to report quarterly. Of the 8 areas, only 5 have quantifiable parameters that are verifiable. Review of the five (5) areas revealed the following matters;

	Areas of focus and required performance	Actual performance	Mission response and audit remarks
1.	Lobby for 30 Cuban Scholarships annually for Ugandan Students especially in areas of; Health, Agriculture, Research, innovation etc.	<ul style="list-style-type: none"> • 6 scholarships in Health obtained. • 4 Parliamentary Officers trained in Canada. 	<ul style="list-style-type: none"> • The mission indicated that some scholarships go directly to respective agencies and it would follow-up to ascertain the numbers. • The mission is advised to follow up and provide the numbers for ease of assessment of

			performance against targets.
2.	Lobby for annual inward transfer for at least US\$60m worth of Canadian Investment in Uganda	<ul style="list-style-type: none"> Trade missions in; oil and gas, Apiary, Tourism and Immigration made. 	<ul style="list-style-type: none"> The mission is to contact Uganda Investment authority for details on figures of investments from Canada. The mission is advised to expedite compilation of the data for ease of assessment of performance.
3.	Identify and facilitate acquisition, development and maintenance of Government property in Ottawa every financial year.	<ul style="list-style-type: none"> The mission was finally granted permission to demolish old structure of the Chancery. 	<ul style="list-style-type: none"> An appeal against the approval given to the mission to demolish the structure came up, and hence an outcome is awaited. Necessary support from the Ministry headquarters should be obtained to enable construction of new Chancery.
4.	Handle at least 80,000 requests for consular services for the year.	<ul style="list-style-type: none"> 12,000 requests handled. 427 visas issued. 	<ul style="list-style-type: none"> The mission is to contact the Immigration department for the number of Canadian tourists who receive visas on arrival. The mission should expedite compilation of the visa data to enable assessment of performance against the target.
5	Lobby for Cuban technical assistance of at least 40 scientists annually.	<ul style="list-style-type: none"> Not provided 	<ul style="list-style-type: none"> The mission should provide statistics of scientists received during the year.

I advised the High Commission to obtain, compile and submit the missing statistical data on scholarships, scientists, investments and visas from the responsible agencies to enable audit review.

Management's Responsibility for the Financial Statements

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the PFMA 2015, the Accounting Officer is accountable to Parliament for the funds and resources of Uganda High Commission, Ottawa.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the PFMA 2015 and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the ability of the High Commission to continue delivering its mandate, disclosing, as applicable,

matters related to affecting the delivery of the mandate of the Commission and using the PFMA 2015, unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Uganda High Commission financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives as required by Article 163 of the Constitution of the Republic of Uganda, 1995 (as amended) and Sections 13 and 19 of the National Audit Act, 2008 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 ISSAI's 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 ISSAI's, I exercise professional judgment 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 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 ability of the Commission 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 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 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.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, stylized flourish extending to the right.

John F.S. Muwanga
AUDITOR GENERAL

17th December, 2018.