



Accountants &
business advisers

**AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT
(AFARD)
AUDIT REPORT, FUND ACCOUNTABILITY STATEMENT
AND MANAGEMENT LETTER
FOR THE YEAR ENDED 31 DECEMBER 2017**

CONTENTS	PAGE(S)
PART 1: General	
List of Acronyms	2
Corporate Information	3
Organisation background information	4
Audit Objectives	6
Audit Scope and Approach	9
PART 2: Financial Statements	
Statement of Directors' Responsibilities	10
Report of the Independent Auditor	13
Fund Accountability Statement	14
Notes to the Fund Accountability Statement	
Appendix: Fund Accountability Statements for Individual projects implemented during the year:	
• Gorta-CEEP (Self Help Africa Funded)	19
• Jangokoro Food Security Project (Funded by Manos Unidas)	20
• Erussi Ndhew Community Development Project (KNH funded)	21
• Danish Assistants to Refuge (DANIDA Funded)	23
• Youth Employability through Enterprise and Skills Development (SNV funded)	24
• Safe Sanitation and Hygiene for All (SNV funded)	25
• Panyango Community Project (KNH funded)	26
• Food and Nutrition project (FAO funded)	27
• WENAGIC (Sall Family Foundation funded)	28
• MAYEP (Self Help Africa funded)	29
• YEEP (European Union funded)	30
• Migration Project (Horiznt3000 funded)	32
• Detailed Fund Accountability Statement on project basis	33
PART 3: Management Letter	
Background	39
Ranking	40
Summary of current period findings	41
Status of implementation of Prior Period Recommendations	45

LIST OF ACRONYMS

AFARD	Agency for Accelerated Regional Development
AMI	AFARD Micro Finance Initiative
BoD	Board of Directors
BOs	Beneficiary Organisation
CBT	Community Based Trainers
CBF	Community Based Facilitators
CEGED	Centre for Governance and Economic Development
CF	Community Facilitators
CLA	Cluster Level Association
EC	European Commission
FAB	Farming As a Business
IEC	Information Education Communication
IFRS	International Financial Reporting Standards
KNH	Kindernothilfe
LLG	Lower Local Government
MAYEP	MANZO (Maracha, Nebbi, Zombo) Youth Empowerment Project
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
PELUM	Participatory Ecological Land Use and Management- Uganda
PI	People's Institutions
PMC	Project Management Committee
QRM	Quarterly Review Meeting
SHG	Self Help Group
UNASO	Uganda National AIDS Services Organisation
UWASNET	Uganda Water and Sanitation NGO Network
UWIN	Uganda Water Integrity Network
VIP	Ventilated Improved Pit latrine
WENAGIC	West Nile Agriculture Improvement and Conservation
YEEP	Youth Economic Empowerment Project
YMF	Young Model Farmer
YSE	Young Sanitation Entrepreneurs
VSLA	Village Saving and Loan Association

CORPORATE INFORMATION

BOARD OF DIRECTORS

Rt. Rev. Dr. Sabino Ocan Odoki	Chairperson
Ms. Royce Gloria Androa	Vice Chairperson
Bishop Henry Luke Orombi	Member
Lady Justice Flavia Anglin Ssenoga	Member
Ms. Sylvia Angey Ufoyuru	Member
Mr. Okecha Micheal	Board Secretary
Dr. Sam Orochi Orach	Ex-officio Member
Dr. Alfred Lakwo	Executive Director

SENIOR MANAGEMENT

Dr. Alfred Lakwo	Executive Director
Ms. Florence Candiru	Finance and Administration Manager
Mr. Robert Bakyalire	Programme Manager
Ms. Vuni Julie Flavia	Yumbe Team leader

PHYSICAL ADDRESS

Agency For Accelerated Regional Development
Plot 3-5 Butiime Road
Nebbi Municipality, Uganda

INDEPENDENT AUDITOR

PKF Uganda
Certified Public Accountants
Plot 1B, Kira Road
P.O Box 24544, Kampala
Tel +256- 312-305800

BOARD SECRETARY/LAWYER

Mr. Okecha B.Michael
Okecha Baranyanga & Co Advocates
5 Floor Umoja House
Plot 20 Nakasero Road
Kampala, Uganda

PRINCIPAL BANKERS

Centenary Bank
Plot 1/3/5 Bishop Orombi Road
Nebbi, Uganda.

Stanbic Bank
P.O.Box 29
Nebbi, Uganda.

ORGANISATION BACKGROUND INFORMATION

Agency for Accelerated Regional Development (AF ARD) is a local professional, not for profit Non-governmental development agency currently operating in Nebbi, Arua, Yumbe, Moyo, Adjumani, Pakwach and Zombo districts of West Nile. AFARD was formed in July 2000 and registered with the NGO Board (Reg. No S.5914/3753) and with the Registrar of Companies (Reg. No. 45179).

AFARD is an affiliate member of a number of active networks, namely: Uganda National NGO Forum; Participatory Ecological Land Use and Management- Uganda Chapter (PELUM); Uganda Water and Sanitation NGO Network (UWASNET); Uganda National AIDS Services Organisation (UNASO); District NGO Forum in Nebbi, Yumbe, and Moyo Districts; and Nebbi AIDS Services Organization Network (NASON).

Vision: "A Prosperous, Healthy and informed people of West Nile".

Mission: "To contribute to the molding of a region in which the local people, including those who are marginalized, are able to participate effectively and sustainably undertake a lead in the development of the region".

Organizational Objectives:

- To harness the knowledge, skills and experience of the development practitioners within the region and channel it for the accelerated, equitable and sustainable development of the region.
- To act as a midwife, an interim link between the grass roots and the sources of new information, innovations expertise and the funds required for the type of development that places people firmly in the center of all development efforts.
- To avail its expertise by way of consultancy to other development stakeholders interested in obtaining current, detailed, reliable and authoritative information about the region.

Organizational Strategies

- Skills development covering organizational management and technical training.
- Participatory action research into local problems to make interventions locally sensitive and policy relevant.
- Information gathering and dissemination from and to the grassroots communities in forms appropriate for the promotion of knowledge-based growth.

- Resource mobilisation basing largely on locally available resources while external sources are seen as supplements for specific non-substitutable purposes.
- Networking and linkages with other institutions- locally, nationally and globally to share information, useful experiences, skills and other resources.
- Advocacy and lobbying given that regardless of the actors involved development is a human right and must be promoted equitably and to the needs of the voiceless marginalized people.

Thematic Focus

AFARD's scope of operation is mainly focused on its current 5-year strategic plan (2015-19) that aims to "contribute to the socio-economic transformation of 150,000 vulnerable and marginalized people for inclusive and resilient livelihoods." To achieve this goal, AFARD is pursuing six strategic pillars, namely:

- **Pillar 1:** Climate-smart and nutrition-sensitive agriculture for food and nutrition security for 95% of targeted vulnerable households:
- **Pillar 2:** Economic empowerment and asset building to lift 65% of targeted women and youth out of extreme poverty line:
- **Pillar 3:** Human capital building to enhance laborer productivity through a 75% reduction in the malaria and gastro-intestinal infection rates and a 15% increase in literacy rates:
- **Pillar 4:** Community-led advocacy by partner community organization's to ensure responsive and accountable local governance in at least 20 lower local governments:
- **Pillar 5:** Community group strengthening to improve organizational management and ensure groups are financially suitable with UGX 35 million in group loan schemes: and
- **Pillar 6:** Organizational growth and suitability to strengthen AFARD's operational and financial capacity to co-fund 25% of its annual budget and build a UGX 0.5 billion reserve fund.

Funding for the year ended 31 December 2017

The projects implemented by AFARD during the year ended 31 December 2017 were funded using internally generated funds and funding from donors including: Kindernothilfe (KNH), SNV Netherlands Development Organization, Danish International Development Agency, Sall Family Foundation, Self Help Africa and European Union.

RESULTS FOR THE YEAR

The results for the year ended 31 December 2017 are shown on Page 14.

MEMBERSHIP OF THE BOARD

The present membership of the Board of Directors is as set out on page 4.

INDEPENDENT AUDITOR

PKF Uganda was appointed as auditor during the year and has expressed willingness to continue in office.

BY ORDER OF THE BOARD



 CHAIRMAN

KAMPALA 2 APRIL 2018

AUDIT OBJECTIVES

PKF Uganda Certified Public Accountants was appointed by the Board of Directors to carry out an annual audit of the Fund Accountability Statement for Agency for Accelerated Regional Development (AFARD) for the year ended 31 December 2017. The audit was performed in accordance with International Standards on Auditing (ISA).

The objective of the audit was to enable us to:

- Express an opinion on whether the Fund Accountability Statement of AFARD presents fairly, in all material respects, grants received, expenditures incurred for the year audited in conformity with the terms of the funding agreements and Generally Accepted Accounting Principles.
- Evaluate the AFARD internal controls, assess control risk, and identify reportable conditions, including material internal control weaknesses.
- Perform tests to determine whether AFARD complied in all material respects, with agreement terms and applicable laws and regulations. All material instances of non-compliance and all illegal acts that have occurred or are likely to have occurred to be identified.

In addition to the above, we were required to provide recommendations on how to improve any weaknesses noted in the system of accounting and internal control during execution of the audit. We were also required to report on the status of implementation of the audit recommendations contained in the report relating to the prior audit.

AUDIT SCOPE AND OUR APPROACH

We carried out the audit of the organisation's Fund Accountability Statement in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC) and included such tests and auditing procedures as we considered necessary under the circumstances. We paid special attention to the following:

- Assessed the financial systems and procedures maintained by the organisation.
- Assessed the internal checks and controls available – especially with regard to approvals, funds management, assets management and procurement procedures. Our review of the internal control systems involved the following areas:
 - Checking reconciliations of all bank accounts.
 - Checking the appropriate recording of administration expenditure.
 - Checking whether there is proper approval of cheque expenditure, with review of supporting documentation and cheque signing procedures.
 - Checking operation of the payroll and salary payments to ensure compliance with local legislation as regards payroll taxes, social security payments and to ensure that the amounts approved through payroll are actually paid to the verifiable staff members.

- Checking management of funds, including the review of procedures for transferring money from donors. This also included checking the effect of exchange rates, exchange gains/losses and how the same is treated and disclosed.
- Assessed the financial monitoring and reporting systems.
- Assessed whether the funds were used as per donor agreement terms and conditions.

- **Fraud and Corruption:** We considered the risks of material misstatements in the Financial Statements due to fraud as required by ISA 240: The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements. We identified and assessed these risks (of material misstatement of the financial statements) due to fraud, obtained sufficient appropriate audit evidence about the assessed risks and responded appropriately to identified or suspected fraud.
- **Laws and Regulations:** In designing and performing audit procedures, evaluating and reporting the results, we considered whether there was noncompliance by AFARD to funding laws and regulations and specific terms and conditions that may materially affect the financial statements as required by ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements.
- **Governance:** We communicated audit matters of governance interest arising from the audit of financial statements with those charged with governance of the organization as required by International Standards on Auditing 260: Communication of Audit Matters with those Charged with Governance.
- **Risks:** In order to reduce audit risk to an acceptable low level, we determined the overall responses to assessed risks at the financial statement level and designed and performed further audit procedures to respond to assessed risks at the assertion level as required by Internal Standard on Auditing 330: the Auditor's Procedures in Response to Assessed Risks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the responsibility of Board of Directors to prepare the Fund Accountability Statement for the year which present fairly in all material respects the state of affairs of the organisation as at the end of the financial year and of the surplus for that year. The board is also required to ensure that the organisation maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the organisation. The board is also responsible for safeguarding the assets of the organisation.


The Board accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. The Board also accept responsibility for:

- i. designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. selecting and applying appropriate accounting policies; and
- iii. making accounting estimates and judgements that are reasonable in the circumstance.

The Board is of the opinion that the Fund Accountability Statement present fairly in all material respects the financial position of the organisation as at 31 December 2017 and of the organization's financial performance for the year then ended in accordance with Generally Accepted Accounting Practices and AFARD accounting policies set out on pages 14 to 15.

Nothing has come to the attention of the Board to indicate that the organisation will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of Directors on 2 APRIL 2018 signed on its behalf by:



RT. REV DR. SABINO OCAN ODOKI
CHAIRPERSON



DR. ALFRED LAKWO
EXECUTIVE DIRECTOR

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF DIRECTORS OF AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD).

Opinion

We have audited the Fund Accountability Statement of Agency for Accelerated Regional Development (AFARD for the year ended 31 December 2017 and the notes to the Fund Accountability Statement including a summary of significant accounting policies as set out on pages 14 to 18.

In our opinion, the accompanying Fund Accountability Statement presents fairly in all material respects the income and expenditure for the year ended 31 December 2017 in accordance with modified cash basis of accounting described in note 2(a) to 2(f).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Fund Accountability Statement section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Fund Accountability Statement in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter- Basis of preparation

Without qualifying our opinion, we draw attention to accounting policy Note 2(a) of AFARD's Fund Accountability, which describes the basis of preparation. The Fund Accountability Statement was prepared to assist AFARD management to report to the members and its donor on the organization's financial performance and status.

Other information

The board is responsible for the other information. The other information comprises the report of the management, the schedule of expenditure and any other reports that comprise the annual report but does not include the financial statements and our auditor's report thereon.

Tel: +256 312 305800 . +256 701 305800 . Fax: +256 41 4251370 . Email pkfkam@ug.pkfea.com . www.pkfea.com
Plot 1B, Kira Road | P.O.Box 24544, Kampala | Uganda

Partners: Charles Oguttu*, Frederick Kibbedi*, Alpesh Vadher**, Piyush Shah**, Sumesh D'Cruz**, Ketan Shah*** (*Ugandan, ** Kenyan, *** British)

10
PKF Uganda is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms

Our opinion on the Fund Accountability Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Board of Directors for the financial statements

The board is responsible for the preparation of the Fund Accountability Statement in accordance with the accounting policies set out in note 2 and for such internal controls as the directors determine is necessary to enable the preparation of Fund Accountability Statement that is free from material misstatement, whether due to fraud or error.

In preparing the Fund Accountability Statement, the directors are responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Fund Accountability Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 this Fund Accountability Statement. As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the Fund Accountability Statement, 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.

- ii. 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 organization's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- iv. 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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- v. 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner responsible for the audit resulting to this report of the independent auditor is:



Charles Oguttu (P0141)

Engagement Partner



Certified Public Accountants

Kampala

Date 21/4/2018

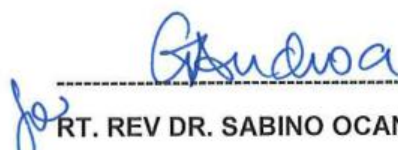
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AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
AUDIT REPORT AND FUND ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FUND ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 Ushs'000	2016 Ushs'000
Income			
Fund balance as at 1 January		809,514	201,651
Grant income	3	4,092,763	3,249,210
Income from AFARD operations	4	244,367	223,147
Total income available		5,146,644	3,674,008
Expenditure			
Program expenditure	5	3,587,008	2,596,048
Administrative costs	6	208,646	268,446
Total expenditure		3,795,654	2,864,494
Net Surplus for the year		1,350,990	809,514
Represented by			
AFARD Microfinance (Reserves)		-	6,918
Cash and cash equivalents	7	1,348,514	799,589
Loans and advances receivable	8	2,476	3,007
Fund balance as at 31 December		1,350,990	809,514

This Fund Accountability Statement was approved and authorized for issue by the Board of Director's on 2 APRIL 2018 and was signed on its behalf by:


RT. REV DR. SABINO OCAN ODOKI
CHAIRPERSON


DR. ALFRED LAKWO
EXECUTIVE DIRECTOR

The notes on pages 14-18 form an integral part of these financial statements.

Report of the independent auditor - pages 10 to 12.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL INFORMATION

Agency for Accelerated Regional Development (AFARD) is a Non-Governmental Organisation (NGO) registered as a Company Limited by Guarantee. AFARD was formed in July 2000 and registered with the NGO Board (Reg. No S.5914/3753) and with the Registrar of Companies (Reg. No. 45179).

2. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of the Fund Accountability Statement are set out below:

a) Basis of preparation

The Fund Accountability Statement of AFARD has been prepared on a modified cash basis of accounting in accordance with Generally Accepted Accounting Principles' (GAAP's) and AFARD's accounting policies and procedures. Under this basis, income is recognized when received, while expenditures are recorded when paid for.

The modification in respect of advances is that they are expensed upon submission and approval of accountabilities from sub grantees.

The preparation of the Fund Accountability Statement in conformity with Generally Accepted Accounting Principles requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organizations accounting policies.

Going Concern

The financial performance of AFARD is set out in the Fund Accountability Statement. Based on the financial performance and position of the organization and its risk management policies, the Board of Directors are of the opinion that the organization is well placed to continue in business for the foreseeable future and as a result the financial statements have been prepared on a going concern basis.

b) Revenue Recognition

- i) Grant Income is recognized on receipt of funds.
- ii) Other income of the organization is the aggregate value of money received from local contributions, membership contribution, hall/guest house hire.

c) Expenditure

Expenditure is recognized at the time of payment. All purchases are expensed in the Fund Accountability Statement in the year in which the expenditure is incurred.

d) Fixed Assets

Fixed assets are funded through donor programs and internally raised funds and these are expensed at the time of acquisition. Accordingly, no depreciation of fixed assets is charged in the Fund Accountability

Statement. A fixed asset register is maintained as monitoring and control tool regarding usage of ownership of the assets.

e) Foreign Currency transactions

Amounts received in foreign currency are banked in foreign currency accounts. Transfer to local accounts are made at rates ruling in the market at the time of transfer. Monetary assets and liabilities held in foreign currency at year end are translated in UGX at the closing exchange rate.

f) Cash and Cash Equivalents

The cash and cash equivalents include cash in hand and at bank.

g) Employment Benefit Obligations

Pension Obligations

AFARD and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. This is a defined contributory scheme under which AFARD contributes 10% of the employees' basic salaries. The organizations contributions to the defined scheme are charged to the Fund Accountability Statement in the year to which it relates.

h) Current Tax

AFARD does not have a tax exemption certificate. The organization deals in activities which are not for profit and therefore the entity is not subject to tax. Accordingly, no provision for current tax is recognized in the Fund Accountability Statement.

i) Reporting Currency

The Fund Accountability Statement is expressed in Uganda Shillings.

j) Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT (Continued)

3. GRANT INCOME

These are cash transfers from the donors received during the year. Grants are used for the specific donor projects and separate accounts are maintained for each project.

Project	2017 Ushs'000	2016 Ushs'000
Gorta-CEEP (Self Help Africa Funded)	20,000	316,937
Jangokoro Food Security Project (Funded by Manos Unidas)	163,770	-
Erussi Ndhew Community Development (KNH Funded)	298,781	324,444
Danish Assistants to Refuge (DANIDA Funded)	1,015,877	824,135
Youth Employability Through Enterprise and Skills Development (SNV Funded)	333,215	416,366
Safe Sanitation and Hygiene for All (SNV Funded)	66,368	65,723
Panyango Community Project (KNH Funded)	46,380	-
Food and Nutrition (FAO Funded)	199,881	-
WENAGIC (Sall Family Foundation Funded)	234,219	95,591
MAYEP (Self Help Africa Funded)	524,720	363,334
YEEP (European Union Funded)	878,883	842,680
Migration Project (Horizont3000 Funded)	310,670	-
	4,092,763	3,249,210

4. INCOME FROM OTHER AFARD OPERATIONS

	2017 Ushs'000	2016 Ushs'000
AFARD YEEP contribution	35,000	20,000
Members contribution	126,497	94,756
Disposal income	4,500	27,000
Hall hire/Guest House	25,512	16,771
Interest income	723	213
Staff medical insurance contribution	51,135	64,407
Bid Fees	1,000	-
Total	244,367	223,147

NOTES TO THE FUND ACCOUNTABILITY STATEMENT (Continued)

5. PROGRAMME EXPENDITURE

Programme expenditure relates to expenses incurred in the implementation of project activities as funded by different donors.

Project	2017 Ushs'000	2016 Ushs'000
Gorta-CEEP (Self Help Africa Funded)	20,022	323,899
Irish Aid Project	-	963
Jangokoro Food Security Project (funded by Manos Unidas)	17,205	-
Erussi Ndheh Community Development (KNH funded)	283,183	299,396
Danish Assistants to Refuge (DANIDA Funded)	1,039,363	812,921
Youth Employability Through Enterprise and Skills Development (SNV funded)	334,120	416,242
Safe Sanitation and Hygiene for All (SNV funded)	69,818	113,180
Panyango Community Project (KNH funded)	43,300	-
Food and Nutrition (FAO funded)	199,847	-
WENAGIC (Sall Family Foundation funded)	143,028	-
Ford Foundation	-	4,111
MAYEP (Self Help Africa funded)	528,669	332,139
YEPP (European Union funded)	758,834	293,197
Migration Project (Horizont3000 funded)	143,375	-
	3,580,763	2,596,048

6. ADMINISTRATIVE COSTS

Governance	6,500	6,160
Personnel cost	43,558	61,738
Other Staff Costs	17,196	23,723
Capital Costs	70,616	113,832
Office Supplies	2,006	1,593
Training, Research, Documentation & Awareness	499	61,400
Other Costs	68,271	-
	208,646	268,446

NOTES TO THE FUND ACCOUNTABILITY STATEMENT (Continued)

7. CASH AND CASH EQUIVALENTS

	2017 Ushs'000	2016 Ushs'000
AFARD Operational Account	2,467	15,147
AFARD Personnel Cost	14,804	8,962
AFARD Decentralization	348	3,798
AFARD MAYEP	27,246	31,195
AFARD YEPP	722,038	566,476
AFARD Medical Insurance	30,816	16,942
AFARD DAR3 Project	7,725	31,211
AFARD YES Project	2	908
Erussi/Ndhew Community Development Project	44,923	29,359
AFARD WENAGIC Project	180,589	95,591
Panyango Community Project	3,080	-
AFARD Food and Nutrition Account	34	-
AFARD ADA Migration Project	167,295	-
AFARD Community Wide Project (Jangokoro Food Security Project)	147,147	-
	1,348,514	799,589

8. ADVANCES

CEGED	-	3,007
YEPP-Activity Advance	2,476	-
Total	2,476	3,007

RESERVES

AFARD Microfinance Account	-	6,918
Total	-	6,918

APPENDIX: FUND ACCOUNTABILITY STATEMENTS FOR INDIVIDUAL PROJECTS IMPLEMENTED DURING THE YEAR

The fund accountability reports for the different projects implemented by AFARD during the year compared to the budget are as follows;

APPENDIX I: GORTA-CEEP PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project duration: 2015-2016

Project objective: To contribute towards the building of a West Nile society in which twenty-eight Beneficiary Organisations (BO) in rural marginalized communities with 2,840 households and 19,880 people in the districts of Nebbi, Zombo, Arua, Yumbe and Moyo live secure and self-sustaining livelihoods."

Funder: Self Help Africa (SHA)

	Budget Ushs'000	Actual Ushs'000
Income		
Grants and Donations	20,000	20,000
Other deposits	22	22
	20,022	20,022
Expenditure		
Audit Cost	19,952	19,952
Bank Charges	70	70
Total Expenditure	20,022	20,022
Surplus for the year		-

APPENDIX II: JANGOKORO FOOD SECURITY PROJECT (COMMUNITY WIDE PROJECT)

Fund Accountability Statement for the year ended 31 December 2017

Project Duration: 2017-2019

Project objective: To contribute to the inclusive and sustainable poverty reduction in Nebbi Catholic Diocese

Funder: Manos Unidas

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
Grants and Donations	308,795	163,770
Interest income	-	572
Other deposits	-	10
	308,795	164,351
Expenditure		
0.0 Common Activities(Personnel)	33,000	5,500
0.0 Common Activities (Running Costs)	6,000	668
0.1 Periodic Management Monitoring Visits	3,220	-
0.2 Hold Quarterly Beneficiary Review Meetings	1,660	1,585
0.3 Conduct End of Project Baseline/evaluation	2,532	2,082
0.4 Financial Audit	2,000	-
1.1 Provide Agro Inputs	141,775	-
1.2 Train in Agronomy Skills	2,455	-
2.2 Drilling Borehole	56,389	-
2.3 Train Community Health Frontline Advisors	12,419	5,669
2.4 Support Voluntary Counselling & Testing	7,250	-
2.5 Conduct Health Education	639	-
3.1 Initiate Functional Adult Literacy Classes	33,655	1,700
3.5 Hold Petition & Accountability Days	5,800	-
Total Expenditure	308,795	17,205
Surplus for the year		147,147

APPENDIX III: ERUSSI NDHEW COMMUNITY DEVELOPMENT PROJECT (ENCDP)-KNH

Fund Accountability Statement for the year ended 31 December 2017

Project Duration: 2015-2019

Project objective: Education, the realization of children's rights and the rehabilitation and development of marginalized children/adolescents and their communities, while taking into consideration relevant cultural, social and religious aspects.

Funder: Kindernothilfe (KNH)

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
At 1 January	-	29,359
Grants and Donation	313,509	298,781
	313,509	328,140
Expenditure		
1.2.1 Train 136 in Savings, Loans & Credit Management	194	194
1.2.2 Train 136 in Goal Setting & Realization	194	194
1.2.3 Train 136 in Communication & Leadership Skills	194	194
1.2.4 Train 136 in Problem Solving & Conflict Resolution	194	194
1.2.5 Train 136 in Basic Business Skills	394	194
1.3 Provide Needs Based Skills to 80 SHG in Crop Agronomy	43,686	39,726
1.4 Train 80 SHG in Poultry Management Practices	14,625	12,029
1.5 Train 56 SHGs on Nutrition	1,153	779
1.8 Conduct 56 Sanitation & Hygiene Awareness	599	719
1.9 Hold 1 Annual Village S/sanitation Competition	3,970	3,970
2.12 Organize 1 SHG Day	4,470	4,545
2.17 Sensitize 75 L/Leaders on Women's Rights	156	156
2.2.1 Train 11 CLA on Roles & Responsibilities	182	-
2.2.2 Train 11 CLA in Goal Setting & Realization	185	-
2.2.3 Train 11 CLA S/Committee on Their Roles & Responsibilities	145	-
2.2.44 Training 11 CLA Book Writers	107	-
2.3 Conduct Monthly Monitoring Visits	260	260
2.4 Conduct 12 Monthly CFs Meetings	140	140
2.5 Conduct 4 CLA Quarterly Review Meetings	816	816
2.6 Conduct 2 Bi-Annual P/Grading & 2 Fin Auditing	219	219
2.7 Federation formation	4,208	4,139
3.10 Process Christmas Cards for Children	2,800	2,671
3.11 Facilitate 1 Children's Christmas Party	2,105	2,100
3.12 Hold 2 Education Counselling & Guidance Days	1,405	1,393
3.13 Support 6 Children Participation in LG Planning	192	192
3.1 Train 13 CLA Members/10CFs/6CFs on CG Modules	274	274
3.24 Refresher Training for CGs on Gp Modules	1,719	1,719
3.2 Form Additional 3 Children's Groups	220	220
3.4 Facilitate Children to Write 740 Letters	3,595	4,650

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
AUDIT REPORT AND FUND ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
3.5 Conduct 2 Child Census	1,080	1,080
3.6 Routinely Monitor the 370 Sponsored Children	240	240
3.7 Carry Out 1 Exchange Visit for Children Groups	11,080	5,475
3.8 1 Celebration of Day of an African Child	7,204	7,295
3.9 Updating Children's Information	1,025	1,025
4.1 Form 5 CBT Committees	156	156
4.2 Train 5 CLAs & CBT Committee on Roles & Responsibilities	159	159
4.3.1 Awareness Creation to Parents/guardians in Supporting Youth	159	159
4.3 Form 10 Youth Groups	356	356
4.4 Train 50 Youths in Governance, Gp Dynamics & Conflict Resolution	503	453
4.5 Train 5 Youth Gps in Entrepreneurship & Business Management	515	465
4.6 Train 100 Youths in Vocational Skills	33,013	21,403
4.7 Train 10 Youth Lders, 16CLAs, 5CFs in HIV/AIDs	617	117
4.8.1 Awareness Creation for 1,600 Youths	82	82
4.8.2 Awareness Creation for 2,650 SHG Mbers on HIV	162	162
4.9 Exposure Visit for 6mbers of CBT Committee	4,250	-
5.2 Exposure Visits	3,050	3,050
5.3 Participatory (Joint) Monitoring	320	-
5.4 Routine Monitoring & Support Visits by Management	800	590
5.6 Annual Audit	8,700	4,200
6.1 Basic Salary	67,915	67,915
6.2 Leave Allowance	4,245	4,245
6.3 NSSF 10%	6,792	6,791
6.4 Medical Insurance	5,433	5,433
6.5 Provident Fund 15%	10,187	10,187
6.6 Workman's Compensation	849	849
7.10 Annual Data Collection	2,000	1,500
7.1 Running Costs	25,169	20,195
7.2 Stationaries	2,118	1,688
7.3 Welfare	3,446	3,273
7.4 Support Staffs	3,780	3,780
7.5 Community & Child Facilitators Allowances	13,440	13,440
7.6 Hospitality for Visitors	576	1,231
7.7 Repairs & Maintenance	1,323	4,065
7.8 Annual Board Field Visit & Meeting	2,600	2,600
7.9 Annual Review Process with CFs, Staffs, PMC	1,765	1,765
8 Assets	-	6,075
Exchange Loss	-	35
Total Expenditure	313,509	283,218
Surplus for the year		44,923

APPENDIX IV: DANISH ASSISTANCE TO REFUGE PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project Duration: 2015-2018

Project Objective: To increase resilience and create equitable participation of Northern Uganda in the economic development of the country and to increase the production and marketing of agricultural produce for small scale farmers

Funder: DANIDA

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
At 1 January	31,211	31,211
Grants and Donation	1,015,877	1,015,877
	1,047,088	1,047,088
Expenditure		
101 Pay and Facilitate Extension Staff	674,592	666,971
104 Train Farmer Groups in GAPs	9,653	9,284
105 Hold Open Days	31,070	31,070
106 Conduct Weekly Radio Shows	35,684	37,512
109 Support DLG Monitoring	960	948
301 Pay and Facilitate Marketing Coordinator	26,690	25,325
302 Support Collective Marketing	5,188	5,188
401 Pay and Facilitate VSLA Officer	21,084	21,084
403 Pay and Facilitate CBTs to Train Farm Gps in VSLA	32,080	31,828
501 Pay and Facilitate Animal Traction Staff	66,530	65,296
502 Select Farmer Gps & Train in AT Support	24,884	24,827
503 Select & Train CBOT, Oxhandlers, Gp Leaders & Group members	18,475	18,475
701 Facilitate IP Staff	65,467	65,286
702 Support IP Operation	25,850	27,388
703 Provide Equipment	880	880
704 Support to AGM	8,000	8,000
Total Expenditure	1,047,088	1,039,363
Surplus for the year		7,725

**APPENDIX V: YOUTH EMPLOYABILITY THROUGH ENTERPRISE AND SKILLS DEVELOPMENT
(YES) PROJECT**

Fund Accountability Statement for the year ended 31 December 2017

Project duration: October 2014-September 2017

Project objective: To reduce poverty by creating sustainable economic opportunities for 5,000 youth (30% female) in West Nile region, Uganda.

Funder: European Union through SNV-Uganda

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
At 1 January	908	907
Grants and Donation	333,215	333,215
	334,122	334,122
Expenditure		
10.0 Conduct YMF Exposure Visits	8,235	8,235
1.0 Human Resource	76,200	76,200
11.0 Business Clinic	7,245	7,245
12.0 Apprenticeship	7,500	7,500
13.0 Procurement of Bss Expansion Kits	21,000	21,000
16.0 Training & Capacity Building for NSA & LA Youth	4,700	4,565
17.0 AFARD Qtly Project Review Meeting	4,476	4,476
18.0 Field Monitoring	8,085	8,065
19.0 Agro Inputs	90,496	90,464
20.0 Irrigation/RWH Demo	61,000	60,635
2.0 Local Office	15,762	16,276
21.0 Facilitate Input Dealers for A Meeting in Sub county	1,640	1,632
22 Training of YMFs on VSLA	7,398	7,398
3.0 Steering Committee Meeting	2,946	2,990
5.0 Collection of Performance Data From YMFs	4,800	4,800
6.0 Performance Data Analysis	3,240	3,240
7.0 YMFs Review Meetings	8,070	8,070
9.0 Train Farmer Gps in Group Dynamics	1,330	1,330
Total expenditure	334,122	334,120
Surplus for the year		2

APPENDIX VI: SAFE SANITATION AND HYGIENE FOR ALL PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project Duration: 2015-2017

Project objective: Improve access to sanitation and promote good hygiene practices especially hand washing with soap.

Funder: UKAID through SNV - Uganda

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
At 1 January	3,798	3,798
Grants and Donation	68,268	66,368
	72,066	70,166
Expenditure		
1.0 Personnel Cost	18,720	18,720
1.2 Joint Planning Meeting	503	503
1.3 Capacity Building of Sanitation Committee	1,454	1,454
2.3 YSE Mentorship	300	300
3.1 Conduct Madona Follow Ups	5,673	5,673
4.8 Meeting to Engage LG on H&S Issues	746	746
Management Costs	43,999	41,750
T1.12 The S/c HA Verify ODF Claims by Villages	672	672
Total Expenditure	72,066	69,818
Surplus for the year		348

APPENDIX VII: PANYANGO COMMUNITY PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project Duration: 2017-2018

Project objective: To contribute to an empowered community of Panyango Sub-County to protect the rights of children and ensure their basic needs are met."

Funder: Kindernothilfe (KNH)

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
Grants and Donation	44,172	46,380
	44,172	46,380
Expenditure		
1.10 Form CLAs	40	40
1.15 Conduct Monthly Monitoring Visits	144	144
1.1 Orientation Meeting	159	159
1.20 Conduct Monthly CFs Meetings	80	80
1.21 Conduct Quarterly Performance Review Meetings	220	40
1.22 Conduct Routine Monitoring Visits	500	-
1.2 Hold Orientation Meeting with Scty Officials	268	228
1.3 Hold Meetings with the Community Leaders	162	162
1.4 Hold Trassect Walks with & in Selected Community	222	222
1.5 Conduct Home Visits	72	72
1.6 Hold Comunity Meetings	72	72
1.7 Induction & Training of CFs on SHG Concept	263	263
1.8 Train CFs on CLA Concept	259	209
1.9 Conduct SHGs Assessment for CLA Readiness	155	155
2.1 Form SHGs	400	400
2.2 Train SHG Mbers on SHG Concepts	741	741
2.3 Train SHG Mbers & CFs on Book Writting	898	898
2.4 Train SHG Mbers on Savings & Credit Management	801	801
2.5 Train SHG Mbers on Social Support & Social Inclusion	298	298
2.6 Train SHG Mbers in Business Skills	159	159
2.7 Train SHG Mbers on Goal Settings & Action Planning	181	181
2.8 Conduct Bi-Annual Self Monitoring & Assessment	78	78
3.1 Basic Salary	13,680	13,680
3.2 Leave Allowance	570	570
3.3 NSSF 10%	1,368	1,368
3.4 Medical Insurance	1,094	1,094
3.5 Provident Fund 15%	2,052	2,052
3.6 Workman's Compensation	114	114
4.1 Running Cost	1,890	875
4.2 Stationary	8	8
4.3 Community Facilitators Allowance	1,350	1,200
4.4 Repair & Maintenance	375	68
4.5 Assets	15,500	16,870
Total Expenditure	44,172	43,300
Surplus for the year		3,080

APPENDIX VIII: FOOD AND NUTRITION (FAO) PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project Duration: 9 Months

Project Objective: Emergency Agricultural Livelihoods Support for Improved Resilience and Self-reliance to threats and crises of Refugees from South Sudan in North and Mid-Western Uganda

Funder: FAO (Food and Agricultural Organisation)

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
Grants and Donation	262,802	199,881
	262,802	199,881
Expenditure		
Input Distribution and Training	87,888	64,843
Operation, Communication and Visibility	34,822	20,057
Personnel	140,092	114,947
Total Expenditure	262,802	199,847
Surplus for the year		34

APPENDIX IX: WENAGIC PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project duration: December 2016 – November 2017

Project Objective: To support a sustainable and equitable food and income security of 150 smallholder farmer households.

Funder: Sall Foundation INC.

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
At 1 January	95,591	95,591
Grants and Donation	227,565	234,219
	323,156	329,810
Expenses		
CU1 Management Monitoring Visits	7,260	3,046
CU2 Farmer Gp Performance Review Meetings	5,648	900
CU3 District Review & Learning Workshops	10,439	6,099
CU4 Board Monitoring Visits	1,000	1,000
Exchange Visit to Animal Traction Gp in Nebbi	2,120	2,120
Indirect Cost	19,445	7,925
Project Staff Costs	81,750	36,300
R1.1 Identification & Training of Lead Farmers	10,900	9,445
R1.2 Agro-Enterprise Planning	3,310	1,350
R1.3 Setting Demonstration/Seed Multiplication Site	122,761	48,320
R1.4 Training in Good Agric Practices (GAP)	17,340	7,020
R1.5 Induction of Crop Insurance Scheme	1,895	675
R2.1 Training in Safe Nutrition	3,675	675
R2.2 Hold Annual Nutrition Competition	4,500	-
R3.1 Train Farmer Gp Members in VSLA	6,425	1,325
R3.2 Train IGA-Selection, Planning & Management	5,475	1,225
R3.3 Conduct Bss Mentoring & Coaching Visits	400	400
R4.1 Train in Gp Governance & Management	875	875
R4.2 Train in Gender & Human Rights	775	775
SU1 Training of Trainers	5,650	5,650
SU2 Form & Register Farmer-Led VSLAs	7,023	3,413
SU3 Conduct Baseline Study & Develop MIS	4,490	4,490
Exchange Loss	-	6,193
Total Expenditure	323,156	149,220
Surplus for the year		180,589

APPENDIX X: MAYEP PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project duration: February 2016-January 2019

Project objective: To contribute to sustainable poverty reduction among youth in West Nile Region, Northern Uganda specifically to increase access to employment/self-employment opportunities for 3,000 youth in Maracha, Nebbi, Zombo (MANZO) districts of West Nile.

Funder: European Union through Self Help Africa (SHA)

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
At 1 January	31,195	31,195
Grants and Donations	598,063	524,720
	629,258	555,915
Expenditure		
1.10 Train Gps in VSLA	22,885	21,962
1.1.1 Technical Staff Salaries	134,512	128,437
1.1.2 Administrative/Support Staff	41,121	38,309
1.1 Sensitization at Village Level	-	840
1.3 Conduct Youth Model Farmers, Enterprise Skills	2,363	2,363
1.4 Establish Enterprise Learning Sites	194,250	182,485
1.5 Refresher Training for YMFs and ESAs in GAP	8,600	5,288
1.6 Train 200 Enterprise Skills Animators in FAB	8,085	6,773
1.7 Business Plan Development	758	648
1.8 Train Groups in Management & Leadership	4,725	4,725
1.9 Train Gps in Financial Literacy	33,422	33,292
4.0 Local Office	76,149	41,828
5.6 Financial Services (Bank Guarantee Costs, Etc)	708	381
A1.11 Train Gps in Social Inclusion	17,273	16,276
A1.12 Train Gps in Life Skills	16,160	8,380
A1.15 Refresher Training for YMFs and ESAs in GAP	-	4,929
A2.2 Establish/Strengthen Existing Bss Clinics	1,670	856
A3.1 Establish/strengthen 1 Functional	5,670	1,050
A3.2 Support Fora with Devt of Orgnal Plans	63	16
A3.3 Train Fora Mbers in Advocacy & Policy Influence	4,956	6,980
A3.4 Conduct Meeting for Youth Engagement at District Level	13,923	315
A3.5 Organise Annual Ass to Discuss Youth Engagement in Agriculture	5,817	7,099
A3.6 Facilitate Youth Broadcast Advocacy on 2 Radio	23,441	11,550
A4.4 Ongoing Qtly & Annual Review Meetings Gp Level	6,567	1,184
A5.4 Qtly & Annual SHA & AFARD Meetings	6,143	2,705
Total Expenditure	629,258	528,669
Surplus for the year		27,246

APPENDIX XI: YEPP PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project duration: July 2016-June 2019

Project objective: To contribute to youth inclusive economic growth and poverty reduction in West Nile region of Uganda through sustainable and gainful employment opportunities (for 2,500 youth).

Funder: European Union

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
At 1 January	569,483	569,483
Grants and Donation	815,174	878,883
10% AFARD's Contribution	171,875	35,000
	1,556,532	1,483,366
Expenditures		
1 Salary	271,928	175,244
2 Equipment	3,191	-
3 Local Office	96,003	67,036
4 Publications	25,587	15,840
5 Consultancy	24,426	8,100
6 CBF Monthly Stipend	12,600	7,200
7 Visibility	3,402	2,800
8 Expenditure Verification	18,000	14,300
A1.1b Training Trainers (Financial Literacy)	1,226	1,932
A1.1 Training of Trainers(CBF/POs)	770	-
A1.2a Training in Entrepreneurship, L/skills, VSLA,	360	408
A1.2b Training in Financial Literacy(Youths)	195	-
A1.3: Vocational Skills Training	400,140	177,808
A1.4 Training of Trainers(YMFs)	48,185	2,695
A1.5 Training in GAAP	575	320
A2.1a PSE Partnership Meetings	630	-
A2.1b Partnership Meetings(PSC)	2,048	-
A2.1 Partnership Meetings	370	81
A2.2 Agro Enterprise Planning	575	311
A2.3 Start Up Kits	610,169	282,479
A2.4 PSE Employment & Business Linkages	550	-
A2.5 Business Clinics (Mentoring & Coaching)	500	-
A2.6 Business Promotion Days	7,495	-
A3.1 Training in Civic Engagement	360	-
A3.3 Youth Accountability Days	5,195	-
A3.4 Follow Up	300	-
A3.5 Capacity Building in Advocacy & Policy Analysis	422	-
A3.6 Capacity Building in Adv & Policy Analysis CBF	558	980
CU1 Management Monitoring	3,940	650

YEEP PROJECT (Continued)

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
CU2 VSLA Performance Review Meetings	900	650
CU3 District Review & Learning Workshop	6,293	-
SU3: Project Briefing Meeting	350	-
SU9: Project Launch	9,290	-
Exchange Loss	-	18
Total Expenditure	1,556,532	758,852
Surplus for the year		724,514

Reconciliation of the unspent funds

Surplus for the year	724,514
Less: Activity Advance	(2,476)
Balance as per bank	722,038

APPENDIX XI: MIGRATION PROJECT

Fund Accountability Statement for the year ended 31 December 2017

Project Duration: September 1 2017-August 31, 2019

Project objective: Secure Livelihoods for South Sudanese Refugees and Host Communities in West Nile region, Uganda

Funder: HORIZONT3000, Austrian Organisation for Development Cooperation

	Budget 2017 Ushs'000	Actual 2017 Ushs'000
Income		
Grants and Donations	310,670	310,670
	310,670	310,670
Expenditure		
1.3 Travel Costs	400	130
1 Personnel Costs	40,472	40,471
2 Project Material Including Proc, Transport & Insurance	46,014	43,180
4 Local Project Office (Supplies, Communication, Electricity	10,979	4,938
A0.2b Consultant for Staff Training	2,002	-
A0.2 Staff Recruitment, Induction & Training	8,536	4,904
A0.3 Stakeholders Briefing Meeting	4,105	4,100
A0.4 Baseline Study and Develop MIS	3,511	-
A0.4b Consultant for Baseline	10,136	4,000
A0.5b Consultancy Manual Development	7,602	6,700
A0.5 Develop Training Manuals (GAP, VSLA, Entrepreneurship)	9,050	4,750
A0.6 Launch the Project	13,753	13,752
A0.7 Field Visits (Management, Board & LG Officials)	363	-
A1.1 Form Farmer Field Schools(FFS)	760	-
A1.4 Provide Agro-Inputs	27,655	15,750
A2.1 Train FFS Members in VSLA Methodology	7,642	-
A2.2 Train in Bss Selection, Planning & Mgt	7,298	-
A2.4 Place Youth for Apprenticeship Training in marketable- Vocational skills	110,392	700
Total Expenditure	310,670	143,375
Surplus for the year		167,295

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
AUDIT REPORT AND FUND ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

APPENDIX XII: DETAILED FUND ACCOUNTABILITY STATEMENT ON PROJECT BASIS

Description	GORTA - CEEP Self Help Africa 2017 Ushs'000	JANGOKORO Manos Unidas 2017 Ushs'000	ERUSSI NDHEW Kindernothilfe 2017 Ushs'000	Danish Assistance DANIDA 2017 Ushs'000	YES EU - SNV 2017 Ushs'000
Income					
Opening Balance	-	-	29,359	31,211	908
Grant Donations	20,000	163,770	298,781	1,015,877	333,215
Interest Income	-	572	-	-	-
Other Incomes	22	10	-	-	-
Exchange Loss	-	-	-	-	-
Total Income	20,022	164,351	328,140	1,047,088	334,122
Expenditure					
Program Expenditure	20,022	17,205	283,218	1,039,363	334,120
Administrative costs	-	-	-	-	-
Total Expenditure	20,022	17,205	283,218	1,039,363	334,120
Surplus for the year	-	147,147	44,923	7,725	2
Represented By:					
Cash at Bank	-	147,147	44,923	7,725	2
Advance	-	-	-	-	-
Total Cash at Bank	-	147,147	44,923	7,725	2

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
AUDIT REPORT AND FUND ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

APPENDIX XII: DETAILED FUND ACCOUNTABILITY STATEMENT ON PROJECT BASIS (Continued)

Description	SAFE SANITATION UKAID-SNV 2017 Ushs'000	PANYANGO KNH 2017 Ush'000	FOOD & NUTRITION FAO 2017 Ushs'000	Sall Family Foundation 2017 Ushs'000	WENAGIC EU Through SHA 2017 Ushs'000	MAYEP EU Through SHA 2017 Ushs'000
Income						
Opening Balance	3,798	-	-	-	95,591	31,195
Grant Donations	66,368	46,380	199,881	234,219	524,720	
Interest Income	-	-	-	-	-	-
Other Incomes	-	-	-	-	-	-
Exchange Loss	-	-	-	-	-	-
Total Income	70,166	46,380	199,881	329,810	555,915	
Expenditure						
Program Expenditure	69,818	43,300	199,847	149,221	528,669	
Administrative costs	-	-	-	-	-	-
Total Expenditure	69,818	43,300	199,847	149,221	528,669	
Surplus for the year	348	3,080	34	180,590	27,246	
Represented By:						
Cash at Bank	348	3,080	34	180,589	27,246	
Advance						
Total Cash at Bank	348	3,080	34	180,589	27,246	

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
AUDIT REPORT AND FUND ACCOUNTABILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

APPENDIX XII: DETAILED FUND ACCOUNTABILITY STATEMENT ON PROJECT BASIS (Continued)

Description	YEPP EU through SHA 2017 Ushs'000	MIGRATION PROJECT HORIZON 3000 2017 Ushs'000	AFARD General Fund 2017 Ushs'000	Consolidation 2017 Ushs'000
Income				
Opening Balance	569,483	-	47,969	809,513
Grant Donations	878,883	310,670		4,092,763
Interest Income	-	-	-	572
Other Incomes	35,000	-	208,765	243,797
Exchange Loss	-	-	-	-
Total Income	1,483,366	310,670	256,734	5,146,645
Expenditure				
Program Expenditure	758,852	143,375		3,587,009
Administrative costs	-	-	208,646	208,646
Total Expenditure	758,852	143,375	208,646	3,795,655
Surplus for the year	724,514	167,295	48,088	1,350,990
Represented By:				
Cash at Bank	722,038	167,295	48,087	1,348,514
Advance	2,476			2,476
Total Cash at Bank	724,514	167,295	48,087	1,350,990

APPENDIX XIII: PROPERTY AND EQUIPMENT SCHEDULE (SUMMARY OF FIXED ASSET REGISTER)

	Free-hold		Motor vehicles and cycles		Equipment		Computer equipment	Work in progress	Total
	Land	Buildings	Ushs '000	Ushs '000	Furniture	Ushs '000	Ushs '000	Ushs '000	Ushs '000
COST									
At 1 Jan 2017	40,611	384,154	1,262,566	87,125	223,374	71,569	434,831	2,504,230	
Additions	-	-	48,680	3,330	1,950	12,475	-	66,435	
At 31 December 2017	40,611	384,154	1,311,246	90,455	225,324	84,044	434,831	2,570,665	
DEPRECIATION									
At 1 January 2016	-	244,879	637,343	46,827	156,614	43,581	-	1,129,244	
Charge for the year	-	30,822	111,773	10,476	10,492	13,500	-	177,063	
At 31 December 2016	-	275,701	749,116	57,303	167,106	57,081	-	1,306,307	
Charge for the year	-	23,457	143,202	9,088	9,467	7,876	-	193,090	
At 31 December 2017	-	23,457	143,202	9,088	9,467	7,876	-	193,090	
NET BOOK VALUE									
At 31 December 2017	40,611	84,996	418,928	24,064	48,751	19,087	434,831	1,071,268	
At 31 December 2016	40,611	108,453	513,450	29,822	56,269	14,488	434,831	1,197,924	

Fixed assets are expensed upon purchase. The fixed asset register is however maintained for tracking purposes.

MANAGEMENT LETTER
FOR THE YEAR ENDED 31 DECEMBER 2017

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

PRIVATE AND CONFIDENTIAL

The Board of Directors
Agency for Accelerated Regional Development
Plot: 3-5 Butiime Road
P.O Box 80
Nebbi Municipality, Uganda

Dear Sirs,

MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with our firm's normal practice, we report to you matters that came to our attention during our audit for the year ended 31 December 2017. The management of the organization is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Our audit procedures were designed primarily to enable us to obtain sufficient assurance to express an opinion on the financial position and the results of operations of Agency for Accelerated Regional Development (AFARD). In accordance with the letter of engagement, we performed a statutory audit in accordance with International Standards on Auditing.

Our audit procedures are conducted on a test basis and are designed primarily to support our opinion on the financial statements.

Our audit should not be relied upon to disclose all irregularities although their disclosure, if they exist, may well have resulted from the audit procedures. This report therefore does not include all possible improvements in internal controls which a more extensive special examination may disclose.

We would like to express our appreciation for the courtesy and assistance extended to us by the management and staff of AFARD during the course of our audit.

Yours faithfully,

Charles Oguttu
Partner

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

1.0 BACKGROUND

We have set out below issues identified during the course of our normal review work and have not attempted to indicate all possible improvements which a special review might develop.

1.1 CLASSIFICATION

The identified issues have been classified into the following three categories in this management letter.

i. Regulatory Compliance Issues

We have detailed identified instances of non-compliance with the laws and regulatory pronouncements.

ii. Operational Issues

We have included our comments on general operational observations and our recommendations.

iii. Financial Controls Recommendations

We did not come across any material financial control issues as areas of improvement

1.2 RANKING

The issues are normally ranked as high, medium or low using the criteria described below:

High: This indicates an issue we consider high risk and is critical. Management should pay particular attention to this area to ensure that the issue is given high priority to be addressed and resolved.

Medium: This indicates a medium level of risk, where we felt there is some scope of a material misstatement in this area and therefore the responsible manager should review it carefully.

Low: Any issues in this area are regarded as having a low level of risk. Whilst not critical, the responsible manager should be aware of this issue and monitor it to ensure it does not become medium or high risk.

1.3 COLOR CODE FOLLOW UP GUIDE



The matter has not been addressed at all.



The matter has been addressed but not concluded.



The matter has been satisfactorily resolved.

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

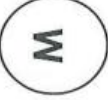
2.0 SUMMARY OF POINTS ARISING FROM CURRENT YEAR'S AUDIT

Ref	Summary of the issues/weaknesses	Ranking (High/Medium/Low)
3.0	REGULATORY COMPLIANCE ISSUES	
3.1	Lack of tax exemption certificate.	Medium
3.2	Failure to withhold tax on consultancy fees	Medium
4.0	OPERATIONAL ISSUES	
4.1	Noncompliance to Finance and Accounting Manual	Medium

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

3.0 COMPLIANCE REGULATORY ISSUES

3.1 Lack of tax exemption certificate

Issue/Observation	Risk/Implication	Recommendation	Management Comments	Ranking/Responsibility/Implementation
During our review of tax compliance, we noted that AFARD does not pay corporation tax on the basis that it is a tax exempt organisation. However, the Income Tax Act section 2 (bb)(ii) requires that as criteria for an entity to be deemed an exempt organization, the organization must be issued with a written communication from the Commissioner General, Uganda Revenue Authority stating that it is an exempt organization. However, AFARD has not yet obtained a tax exemption certificate.	Without a tax exemption certificate, the organisation risks paying interest and penalties for noncompliance with the provisions of the Income Tax Act.	Management should normalize this compliance process to minimise organization's exposure.	AFARD has re-applied for tax exemption and is awaiting the result from URA	<p>Ranking: </p> <p>Individual Responsible: Board Secretary</p> <p>Implementation Date: June 2018</p>

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

3.2 Failure to withhold tax on consultancy fees

Issue/Observation	Risk/Implication	Recommendation	Management Comments	Ranking/Responsibility/Implementation
<p>Income Tax Act (ITA) section 118A stipulates that "a resident person paying management or professional fees should withhold tax (unless the person is exempt) on the gross amount of the payment made to the professionals at a rate of 6% for the services provided. The amount withheld should be remitted to Uganda Revenue Authority (URA) within 15 days of withholding."</p> <p>However, we noted that no withholding tax was deducted and remitted to the relevant tax authority for the consultancy service provided to the organisation by for example Akech Doreen Oteda and Ogwal Charles for the period under audit.</p>	<p>There is a risk that the organisation is likely to pay unnecessary fines and penalties for non-compliance with the Income Tax Act.</p>	<p>Management should always ensure that all statutory requirements are observed to avoid unnecessary fines and penalties.</p>	<p><i>Without a designated notice to withhold tax, our contracts oblige contractors to meet their obligations.</i></p> <p>Auditor's further comment.</p> <p><i>It's the responsibility of recipient of service to withhold and declare taxes to URA.</i></p>	<p>Ranking:</p> <p>M</p> <p>Individual Responsible:</p> <p>FAM</p> <p>Implementation Date: Immediate</p>

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

4.0 OPERATIONAL ISSUES

4.1 Noncompliance to finance and accounting manual

Issue/Observation	Risk/Implication	Recommendation	Management Comments	Ranking/ Responsibility/ Implementation
Finance an Accounting Manual Section 2.0(2.2) state that ED is the accounting officer of AFARD and shall approve all the individual payments for authorised activities of the agency. The accounting officer shall approve payments on a single invoice for the purchase of a product or service provider for authorised activities of up to US\$ 20million. Cost beyond this amount shall be referred to the board. Contrarily to above provision, we noted that accounting Officer (ED) was not signing vouchers to approve payments but rather delegated his assigned responsibilities to programmes Manager to authorise payments.	This is noncompliance to the procedures manual and failure by ED to approve transactions may increase the risk of fraudulent payments being made without notice for a long time.	We recommend management to consider updating some provisions of the finance manual	Although the ED had many outside station engagements in resource mobilization, all such approvals were always authorized and verified during weekly and monthly financial reporting and accountability checks. Recommendations will be placed to FARM Committee to increase the approval ceiling of the Programmes Manager to UGX 50 million	Ranking: M Individual Responsible: FARM Committee Implementation date: Immediate

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

5.0 FOLLOW UP OF PRIOR YEAR'S MANAGEMENT LETTER

Ref	Observation	Recommendation	Status as of 31/12/2017
1	<p>Preparation of bank reconciliations</p> <p>We noted that no reconciliations were done for foreign denominated accounts namely; YEOP (European Union funded), Erussi Ndhew and WENAGIC (Sall Foundation funded) project accounts for the year ended 31 December 2016.</p>	<p>Management should ensure that bank reconciliations are prepared and adequately reviewed and any review errors detected investigated and corrected promptly.</p>	<p>Bank reconciliations are prepared and reviewed for all bank accounts.</p> <p>Implemented</p>
2	<p>Lapse in procurement process</p> <p>Section 5.3 (a) of the Finance manual states that the choice of a procurement method shall first be approved by the Tender Board. During our review of the procurement method used to purchase motor vehicle (Land Cruiser UAZ 088V) in September 2016 we noted that there was no documentation to justify the direct procurement from original owner of said vehicle.</p>	<p>Management should ensure that documentation is maintained for major organizational procurements in order to keep audit trail.</p>	<p>Documentation for major procurement are now kept properly filed.</p> <p>Implemented</p>

AGENCY FOR ACCELERATED REGIONAL DEVELOPMENT (AFARD)
MANAGEMENT LETTER FOR THE YEAR ENDED 31 DECEMBER 2017

Responsibility statement

This report sets out those matters of audit interest that have come to our attention during the audit. Our audit is not designed to identify all matters that may be relevant to the Organisation and neither this report nor any subsequent reports will be a comprehensive statement of all deficiencies which may exist in internal control or other improvements which may be made.

This report has been prepared for the board of directors, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared for any other purpose. This report should not be made available in whole or in part to any other party without our prior written consent.

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PKF Uganda