



THE REPUBLIC OF UGANDA

MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE
UGANDA STRATEGIC ANALYSIS AND KNOWLEDGE SUPPORT SYSTEM (USAKSS)
PROJECT FOR THE YEAR ENDED 30TH JUNE 2018**

OFFICE OF THE AUDITOR GENERAL
UGANDA

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LIST OF ACRONYMS

FYR	Financial Year
GoU	Government of Uganda
ICT	Information and communications technology
IESBA	International Ethics Standards Board for Accountants
IFPRI	International Food Policy Research Institute
ISA	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MOFPED	Ministry of Finance, Planning and Economic Development
MTR	Mid Term Review
RT.HON	Right Honourable
UGX	Uganda Shillings
URA	Uganda Revenue Authority
USD	United States Dollar
WB	World Bank

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA
STRATEGIC ANALYSIS AND KNOWLEDGE SUPPORT SYSTEM (USAKSS) ACCOUNTS
FOR THE FINANCIAL YEARS ENDED 30TH JUNE, 2018**

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Uganda Strategic Analysis and Knowledge Support System (USAKSS) for the year ended 30th June 2018. The financial statements set out on pages 6 to 12 comprise of;

- Statement of financial report/performance
- Statement of financial position
- Statement of cash flows
- Schedule of expenses
- Statement of comparison of budget and actual amount
- Statement of special designated account activity
- Notes to the financial statements including a summary of accounting policies used.

In my opinion, the project financial statements present fairly in all material respects the financial performance of the Uganda Strategic Analysis and Knowledge Support System (USAKSS) for the year ended 30th June 2018 and the receipts and payments for the period then ended in accordance with the IFPRI guidelines and the basis of accounting described under note 3 to the financial statements.

Basis of Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement's section of my report. I am independent of the project 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 the matters described below to be key audit matters communicated in my report.

- **Budget performance**

Section 45 (3) of the Public Finance Management Act, 2015 states that “ An Accounting Officer shall enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a Financial year, submitted under section 13 (15)” of the said Act.

It has been observed over years that planned and budgeted for activities of a number of Government entities and projects are not implemented thereby affecting service delivery. In the overall office wide planning, I assessed risks such as inadequate release of funds and failure to undertake budget monitoring and supervision that are likely to be the causes of failure to implement entity planned activities. The focus was put on the planned major outputs of the entities which greatly impact on the wellbeing of communities.

Consequently, I developed specific audit procedures which included the evaluation of the financial and annual physical performance by analysing government releases, testing consistency of planned outputs with the approved budget and verifying the accuracy and completeness of the reported actual outputs.

Based on the procedures performed, a review of the project budget performance revealed that the approved annual budget and work plan for financial year 2015/2016 worth UGX.751,088,250 (USD.225,000) was partially implemented in the two financial years (50.8% of the overall budget) and therefore rolled forward to the third financial year 2017/2018. During the year under review, I observed that available funds for use were UGX.123,160,989 (USD.35,588.77) as opening balance. The project did not receive any funding from the Institute with regards to this agreement during the year under review.

This represents a 33.3% (UGX.259,587,728.72) budget shortfall of the project on the first agreement.

Accordingly, management implemented activities worth UGX.120,120,413 (USD.34,716.88) and the remaining activities worth UGX.259,587,728.72 (USD.75,000) could not be implemented due to lack of funds from the Institute.

Year	Currency	Releases	Cumulative releases	Utilization	Balance available
2015/ 2016	USD	75,000	75,000	16,554.18	58,445.82
	UGX	250,362,750	250,362,750	55,260,680	196,027,420
2016/ 2017	USD	75,000	150,000	97,857.05	35,588.77
	UGX	266,499,045	520,220,719	339,381,766	123,144,699
2017/ 2018	USD	0	150,000	34,716.88	871.89
	UGX	0	520,220,719	120,120,413	3,040,576

I further observed that, following the end of the first agreement, IFPRI secured new funding from USAID worth UGX.519,000,035 (USD.150,000) which led to a second agreement. However, no funding was received during the year causing 100% shortfall. The funds were later released early in the subsequent year in July 2018.

In implementing its mandate of establishing and operationalizing the Uganda strategic analysis and knowledge support system, management implemented a number of planned activities during the year and these included facilitation of management and professional services provided to the project, support to Agricultural Sector Monitoring and Evaluation and Facilitating office and resource center operations among others.

However, I noted that some of the planned activities such as approved steering committee analytical studies, establishing policy analysis coordination, supporting project events, procurement of project brochures and establishing inventory of agriculture related policies among others were not duly implemented and this led could have affected achievement of the overall project objectives. **Appendix I** shows unachieved and partially achieved targets.

Management explained that following the end of funding from Government of Netherlands to international food policy research institute (IFPRI) at the end of 2017, IFPRI secured funding from USAID which necessitated a new funding agreement between GOU and

IFPRI which was signed in May 2018 and the first disbursement under the new agreement was made in July 2018 hence the planned activities could not be implemented before receiving funding.

I advised the Accounting Officer to ensure fast tracking of project activities with adequate supervision being undertaken in order to absorb all funds within the limited timelines.

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 Strategic Analysis and Knowledge Support Systems (USAKSS).

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act 2015, IFPRI guidelines and the basis of accounting described in note 3 to the financial statements, 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 Project's ability to continue delivering its mandate, disclosing, as applicable, matters related to

affecting the delivery of the mandate of the Uganda Strategic Analysis and Knowledge Support Systems (USAKSS), and using the IFPRI Guidelines unless the Accounting Officer has a realistic alternative to the contrary.

The Accounting Officer is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project'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 Project'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 Strategic Analysis and Knowledge Support Systems (USAKSS) 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.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

There were no material non-compliance findings of high significance that came to my notice during the audit.



John F. S. Muwanga

AUDITOR GENERAL

18th December, 2018

**REPORT OF THE AUDITOR GENERAL ON THE SPECIAL ACCOUNT
OPERATIONS OF UGANDA STRATEGIC ANALYSIS AND KNOWLEDGE SUPPORT
SYSTEM (USAKSS) FOR THE YEAR ENDED 30TH JUNE, 2018**

Opinion

I have audited the special account statement of the Uganda Strategic Analysis and Knowledge Support Systems (USAKSS) for the year ended 30th June, 2018 which is set out on page 11 of the financial statements.

In my opinion, Project management complied in all material respects with IFPRI rules and procedures and that the Special Account Statement for the Uganda Strategic Analysis and Knowledge Support Systems (USAKSS) for the year ended 30th June, 2018 presents fairly in all material respects the account transactions and the closing balance as at 30th June 2018.

Management Responsibility for the Special Account Statement

Project management is responsible for preparation of the special account statement and its fair presentation in accordance with the requirements of the Government of Uganda regulations and IFPRI guidelines. Management is also responsible for designing and implementing internal controls relevant to the preparation of the special account statement that is free from material misrepresentation, whether due to fraud or error and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the Special Account Statement based on my audit. I conducted the audit in accordance with International Standards on Auditing and the IFPRI guidelines on auditing. Those standards and guidelines require that I plan and perform the audit to obtain reasonable assurance about whether the Special Account statement is free from material misstatements. I believe that the audit provides a reasonable basis for my opinion.



John F. S. Muwanga

AUDITOR GENERAL

KAMPALA

18th December, 2018

APPENDICES

APPENDIX I(a) : UNIMPLEMENTED ACTIVITIES

Activity Area	Output	Budget (UGX)	Actual expenditure (UGX)	Variance (UGX)	Status of Implementation	Management Remarks
Set up of USAKSS	1. USAKSS Coordinator Recruited	2,422,000	820,920	1,601,081	Implemented	
	2. Inaugural Meeting of the Steering Committee	7,266,000	7,043,003	222,997	Implemented	
	3. Office and Resource Centre renovated	20,760,001	17,635,137	3,124,865	Implemented	
	4. Office and Resource Centre equipment procured	35,292,002	28,708,971	6,583,031	Implemented	
	5. USAKSS Launch held	20,760,001	20,760,001	-	Implemented	
	Sub total	86,500,006	74,968,033	11,531,973		
Monitoring and Evaluation of Agricultural Sector and Investments	6. Agricultural Sector M&E Supported	17,300,001	15,246,768	2,053,233	Implemented	
	7. JASAR Supported	69,200,005	64,462,434	4,737,571	Implemented	
	8. Database on private sector enterprises	65,740,004	-	65,740,004	Not Implemented	Long procurement process. Eventually changed from contract to direct implementation
	9. Baseline survey of agricultural potential in the Albertine region supported	25,950,002	26,436,063	- 486,061	Implemented	
	10. Uganda Agricultural Trends and Outlook Report (ATOR)	43,250,003	46,798,787	- 3,548,784	Implemented	
	11. Report on CAADP Core Indicators	3,460,000	3,420,452	39,548	Implemented	
	Sub total	224,900,015	156,364,504	68,535,512		
Strategic Analysis	13. Analytical Studies Approved by SC Undertaken	121,100,008	56,535,781	64,564,227	Implementation ongoing	Long procurement process. Eventually changed from contract to

Activity Area	Output	Budget (UGX)	Actual expenditure (UGX)	Variance (UGX)	Status of Implementation	Management Remarks
						direct implementation.
	14. Policy Analysis Coordination established	13,840,001	920,395	12,919,606	Not Implemented	Funder's guidelines and modalities of establishment hadn't been provided.
	15. Policy Events supported	20,760,001	-	20,760,001	Not Implemented	These were supposed to be led by the Policy Analysis Network (refer to 14 above)
	Sub total	155,700,011	57,456,176	98,243,835		
Knowledge Management, Communications and Policy Dialogue	16. USAKSS brochures produced	10,380,001	-	10,380,001	Not Implemented	These were supposed to be derived from analytical studies (see 13 above)
	17. Policy Briefs produced	15,570,001	-	15,570,001	Not Implemented	These were supposed to be derived from analytical studies (see 13 above)
	18. Inventory of Agriculture related policies	10,380,001	-	10,380,001	Not Implemented	These were supposed to be derived from analytical studies (see 13 above)
Knowledge Management, Communications and Policy Dialogue	19. Interactive Knowledge platforms set up	41,520,003	40,047,980	1,472,023	Implemented	
	Sub total	77,850,005	40,047,980	37,802,025		
Capacity Strengthening	20. Training Analytical tools and methodologies Undertaken	34,600,002	30,343,441	4,256,561	implemented	The value chain training happened in December because it was a support activity and dependent on the Ministry schedule
	Sub total	34,600,002	30,343,441	4,256,561		
Operational and Governance Structure of USAKSS	21. Three Regular SAKSS SC Meetings held	25,950,002	2,519,019	23,430,983	one meeting held	
	22. Travel on project activities	13,840,001	5,144,744	8,695,257	Implemented	

Activity Area	Output	Budget (UGX)	Actual expenditure (UGX)	Variance (UGX)	Status of Implementation	Management Remarks
	23. Office and Resource centre operations	48,440,003	5,186,990	43,253,013	Implemented	The extended period was due to low expenditures due to only one staff member and relying on ministry staff for delivery of some outputs
	24. Management and Professional services provided to the project	110,720,008	146,881,439	- 36,161,431	Salary for 4 months paid	The January-August 2017 salary came from activities that were either implemented at lower cost or those that were eventually budget neutral.
	Sub total	198,950,014	159,732,191	39,217,822		
		-	-	-		
Total	Grand Total	778,500,053	518,912,324	259,587,729		

APPENDIX I(b): UNIMPLEMENTED ACTIVITIES

Payments	Deliverables	Amount (UGX)	Planned Date	Actual Date
1	1.Draft 2016 Annual Trends and Outlook Report (ATOR) 2.Updated data in the CAADP Results Framework and ASSP indicators	103,800,007	15/03/2018	Actual date of disbursement on USD account was 13 July 2018 and to UGX account on 2 August 2018. Draft 2016 ATOR revised and resent with funder for further review
2	1.Analytical studies and policy briefs 2.Updated Uganda eAtlas 3.Technical Progress and Financial Reports	173,000,012	15/07/2018	The second disbursement of USD 50,000 was received on the USD account on 2nd October 2018. These activities are ongoing and will be completed before the next disbursement
3	1.Completed 2016 ATOR 2.Functional analytical network 3.Functional interactive knowledge platform 4.Training sessions 5.Technical Progress and Financial Reports	138,400,009	15/10/2018	Not yet done
4	1. Draft 2017 ATOR 2.Facilitation of two Steering Committee Meetings 3.Printing of Uganda eAtlas 4.Technical Progress and Financial Reports Note: Final payment shall be based on actual expenses incurred based on the certified financial report.	103,800,007	31/12/2018	Not yet
	Total	519,000,035		

FINANCIAL STATEMENTS