

UG Audit Review undertaken during March 2022#

Three Trustees, Susan Dodd, Andrew & Mari Shepherd, visited Uganda in March 2022. During this visit the following was undertaken:

1. An audit to ensure compliance with appropriate plans, policies and processes for the benefit of the children, staff and the community around FOP UG and implement controls to minimise risk of abuse. See below for further information.
2. Reviewed the grant application and agreement process in place between FOP UG and FOP UK. A couple of minor changes were made to the forms.
3. Visited Rwenjaza Hillside school. We were welcomed by the school children with songs and dancing. We also visited each class who had prepared songs or citations.
4. Visited the Farmland to see progress on the new Farmhouse and well.
5. Andrew also met with the deputy district health officer to discuss the Saving Mother Giving Life program.

The audit covered the following areas:

1. **Operational:** including review of strategy, significant event audits, policies in place, sustainability, and maintenance of key assets.
2. **Financial:** including review of long term financial plan, annual budget, transparency and clarity on expenditure, robust and safe accounting procedures in place, and prevention of fraud and bribery.

Key points arising from the audit are as follows:

1. Operational

- (a) **Long term strategy:** The UG 10-year Strategic Business Plan is currently being reviewed by the UG Board Members to identify the key priority projects. It is anticipated that the updated document will be ready for circulation by end June 2022.
- (b) **Significant event audits:** The UG team comprising of CEO, Finance Manager, Home Warden and Production & Enterprise Development Manager are responsible for producing a report should any significant event arise. Any significant event in relation to a child is reported to the Probation Office (child welfare). Any significant event in relation to a staff member it is reported to the Ministry of Gender & Labour. For either significant event, the Probation Office or representative of the Ministry of Gender & Labour may come and assess what happened and they could provide recommendations e.g. training or clear guidelines.
- (c) **Policies:** We discussed the policies that the UK have in place, and these have since been sent to UG. It was agreed that UG should consider developing the following:
 - Include some content on privacy into the Local fundraising policy
 - Review the UK Safeguarding policy to ensure nothing is missing from the UG policies
 - General Complaints policy
 - Anti-Fraud policy
 - Succession planning policy
- (d) **Sustainability:** UG sustainability report was shared. It was agreed that UG need to turn the Future Outlook page into a plan including timings and budget. Farmland includes Mbale (40 acres), Kigola (21 acres purchased by Spark), and UG also have access to 4 acres in

Khibuka for growing fresh food. UG are looking into using biogas for energy in the Family Homes for cooking and lighting.

- (e) **Maintenance and equipment:** The plan includes a register of assets which is updated during the year to include all new assets. It does not necessarily mean that the maintenance costs during the year will increase as usually warranty covers the initial servicing costs. The plan is currently being updated to include the water pump, threshing machine and new family homes. UG has a Custodian role which is responsible for all equipment including tools. There is a central register and if any item is taken out of the storeroom it is recorded detailing what has been taken, who has taken it and for how long. Any new equipment is given to the Custodian who is responsible for adding the asset to the register.

2. Operational

- a) **Capital and operational costs:** The 10-year Business Plan includes priority projects and estimated costs. Bills of Quantities (BOQ's) are produced for all capital projects. There are also occasions when the BOQs need to be updated for increase in materials or additional work required. An annual operational budget is produced which is circulated to the UK and NZ. Quarterly budgets are also produced and circulated. This has been the practice since 2020. UG shared the document Funds Allocation for the quarterly grant received from the UK during 2020, 2021 and 2022. This report will be shared with the UK on an ongoing basis.
- b) **Accounting procedures:** UG confirmed that safe accounting procedures are in place and when delays occur the budget may increase. It was agreed that a document is required stating the amount of money spent compared with what has been funded. At the end of a capital project a summary of costs is required to confirm money spent. Within the UG Finance policy the following authorisation limits have been set:
- CEO up to UGX 5m
 - Finance and Admin UGX 1m
 - Anything above UGX 5M goes to Board

UG has a procedure in place for the procurement of goods and services.

It was agreed that for UK funded projects, UK require a sign-off at each phase. Should any delays occur, UK will need to be notified as the payments according to the signed Grant Agreement may require adjustment to ensure that funds for subsequent phases are not paid too early. UG confirmed that, as per their Finance Policy, they cannot interchange funds from one phase to the next or to a new phase if another is added in the meantime.

It was confirmed that progressive quality checks are completed on capital projects and also 25% of the contractor's fees are held back up to one month after completion to enable UG to check that everything is in order.

It was also agreed that UG would send regular progress reports to the UK especially for larger projects.