



Assessment of Ugandan Auditing Firms

September 2021

I. BACKGROUND

To ensure accountability and transparency in all USAID-funded awards, the Automated Directives System (ADS) 591 requires that the Financial Controller, USAID/Uganda Office for Financial Management (OFM), with the oversight of the Agency's Chief Financial Officer, assesses and determine the capabilities of non-U.S. audit firms to perform quality financial audits. ADS 591 requires OFM to manage an accurate list of acceptable non-U.S. audit firms that may perform financial audits of USAID resources managed by recipients and subrecipients.

Per the USAID/Uganda "Country Audit Environment Appraisal Report (2020)," the Institute of Public Accountants of Uganda (ICPAU) had a total of 420 licensed accounting firms as of December 2020. While USAID/Uganda intended to assess all the licensed firms in Uganda, the results from ICPAU's June 2020 quality assurance cycle indicated that over 54% (111) of Ugandan accounting firms required significant improvements. USAID/Uganda did not include these firms in the scope of the assessment. USAID/Uganda contacted the remaining firms listed by ICPAU; however, only 72 responded and were assessed to determine their ability to deliver high-quality financial audits as per USAID standards and criteria.

II. ASSESSMENT CRITERIA

The assessment team applied a questionnaire adapted from the International Standards on Quality Control (ISQC 1), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements" as provided by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants. The ISQC 1 is based on six key elements including: Leadership Responsibilities, Ethical Requirements, Acceptance and Continuance of Client Relationships and Specific Engagements, Human Resources, Engagement Performance, and Monitoring to determine an audit firm's ability to deliver quality audits. In addition to these six elements, the assessment covered general information about the audit firm and English language competencies of the firm. *(See Annex B for a short description on each element's coverage)*

The questionnaire collected general information and proof of policies and procedures from each audit firm necessary to determine its ability to deliver quality financial audits. Information requests in the questionnaire are split into two categories: (a) written information requests where firms are required to respond by filling out the questionnaire, and (b) upload requests where firms are required to upload documentation to support the written responses. The assessment team relied on and scored each audit



firm against the criteria described in section 4, Foreign Audit Firm Assessment (ADS 591), modelled after the World Bank’s Public Expenditure and Financial Accountability (PEFA) Assessment Tool.

The assessment team applied professional judgment in the scoring and rating process, guided by evidence availed by the audit firms as proof to demonstrate formal existence and deployment of their policies and procedures, confirmation of peer reviews, and other relevant supporting documentation.

Throughout the assessment process, USAID/Uganda OFM played a vital role as a key informant and facilitated communication with key stakeholders and the audit firms.

The assessment team analyzed and clustered each response to the questionnaire along with the documentation into three groups as presented below.

Clusters	Description
Category 1	Firms that demonstrated the existence of robust quality control systems and structures to perform USAID-funded financial audit engagements.
Category 2	Firms that need improvements to their quality control systems and structures to perform USAID-funded financial audit engagements.
Category 3	Firms with deficient systems or did not provide sufficient information to allow a competent assessment of their systems.
Note: Only firms in Category 1 qualify to audit USAID-funded audit engagements.	

III. CONCLUSION

Following the assessment team’s analysis, 16 firms assessed fell under Category 1 and qualified to audit USAID-funded audit engagements. A full list of these firms and their contacts is included under *Annex A*.

USAID/Uganda OFM will conduct a limited scope assessment for firms previously listed on the Regional Inspector General (RIG) list but did not meet Category 1 requirements. If deemed suitable, USAID/Uganda will include them on the list of acceptable firms to perform financial audits of USAID-funded programs in Uganda before September 2022.

ANNEXES

Annex A: List of USAID/Uganda's Approved Non-U.S Audit Firms

No	Audit Firm Name	Name of Point of Contact	Location	Tel Number
1	Carr Stanyer Sims and Company	John C. Mpalampa	Flat 4, Lujumwa House Block 254, Plot 796 Kansanga, Nkuzongere Road, off Ggaba Road P.O.Box 6293, Kampala, Uganda.	0772-443-445
2	Cartwright CPA	Ssuuna Pius Mawanda	Plot 121, Ntinda Road, Ntinda, Kampala, Uganda, +256	0774-158-192
3	Deloitte & Touche	Norbert Kagoro	Rwenzori House, 3rd Floor, 1 Lumumba Avenue, Kampala Uganda	0772-703-595
4	Ernst and Young	Michael Kimoni	EY House, Plot 18 Clement Hill Road, Kampala , Uganda	0752-343-520
5	Franc and Rich Associates	Francis Wanyama	Sweet Homes Plaza, Plot 30 Agenda, Kireka-Namugongo Road, P.O Box 21585 Kampala Uganda	0200-905-112
6	Grant Thornton CPA	Nilesh Patel	Lugogo House, Wing B & C, 2nd Floor, Plot 42 Lugogo Bypass, PO box 7158 Kampala, Uganda	0200-907-333
7	Kisaka and Co.	Jobra Kisaku Mulumba	4th Floor Kimujo House Plot 77 Buganda Road Kampala Uganda	0772-449-808
8	KPMG	Asad Lukwago	3rd Floor, Rwenzori Courts, Plot 2 & 4A, Nakasero Road, P O Box 3509	0779-464-815
9	MartinPath and Associates	James Martin Mukasa	Marahaba Apartments, Kiwamirembe Road, Kajjansi, Kampala, Uganda.	0772-500-734
10	Patan and Associates	Patricia .K. Ogwal	Plot 40 Kakungulu Road -Ntinda Kampala-Uganda	0772-644-709
11	PKF	Charles Oguttu	Kalamu House, Floors 5 & 6 Plot 1B Kira Road, Kampala Uganda	0312-305-800
12	PricewaterhouseCoopers CPA	Francis Kamulegeya	Communications House, 1 Colville Street, Kampala Uganda, P. O. Box 882,	0772-701-698
13	RKA CPA	Sirajji Baguma Kanyesigye	Floor 6 Lourdel towers, Plot 1 Lourdel road, Kampala, Uganda	0772-500-465
14	RSM Eastern Africa	John Walabyeki	RSM, DTB centre, Kampala road, Kampala, Uganda, 256	0778-486-037
15	Springs and Tugye Associates LLP	Mari Ssentamu Nabbanja	Kisozi Complex, Buganda Road Kampala Uganda	0-701595479
16	TMK and Co. CPA	Tom Mpagi	6th Floor Southern Wing Workers House	0772-705-162

Annex B: Description of assessment elements

No.	Element name	Description/Coverage
1	English Language	Consideration on how each firm uses the English language in communication and in producing audit reports and other documents.
2	Leadership Responsibilities for Quality within the Firm	<p>Focus on leadership responsibilities as an indicator of how the firm responds to quality control matters. A senior person should control quality matters in the firm with sufficient and appropriate experience and ability underpinned by the necessary authority needed to promote an internal culture of quality in the firm, reflecting the extent a firm attaches great importance to quality issues. The assessment team specifically considered:</p> <ul style="list-style-type: none"> • The existence and seniority of positions(s) responsible for quality control, including peer reviews of the quality control systems. • How quality control issues are promoted and communicated to staff. • Proof of existence of quality control policies and procedures.
3	Ethical Requirements	<p>This assessment area requires firms to set up appropriate ethical requirements that give reasonable assurance that the firm and its staff adhere to relevant policies and procedures to maintain appropriate ethical standards required. The assessment team specifically considered:</p> <ul style="list-style-type: none"> • Proof of policies and procedures on relevant ethical requirements that follow the International Code of Ethics for Professional Accountants (the Code). • The firm's reasonable assurance that personnel comply with the requirements. • Evidence of the monitoring of ethical compliance. • Proof of the existence of processes for dealing with ethical requirements violations.
4	Acceptance and Continuance of Client Relationships	<p>This assessment area seeks evidence that demonstrates the audit firms' ability to only undertake engagements where the firm is competent to perform the engagement and has the capabilities and resources to do so. Along the same lines, carrying out due process for acceptance or rejection of a new client or continuance of an existing client requires the firm to get a clear understanding of the client. The assessment team specifically considered:</p> <ul style="list-style-type: none"> • Existence of policies and procedures on the acceptance of new clients and the continuance with existing clients. • Uploaded documents demonstrating the firm's competence, capabilities and resources when accepting new clients or continuing with existing clients. • Evidence that the firm is re-assessing the existing client integrity and attached risks.
5	Human Resources	The number and levels of staff in the firm are good indicators of the capacity and potential quality of audit services which the firm can deliver. This would be complemented by the ability of the firm to attract and retain skilled full-time audit professionals while maintaining an appropriate ratio of managers to senior



		<p>auditors and audit assistants. Commitment to capacity building is measured by factors including periodic staff evaluation, training programs and career-oriented staff development plans. The assessment team specifically considered:</p> <ul style="list-style-type: none"> • The Audit Firm's demonstration that it has reasonable assurance that its personnel have sufficient competencies, capabilities, and commitment to professional ethics for engagements. • Auditing experience and qualification of partners and senior staff members. • Staff training (including CPE) and evaluation policies and procedures. • Audit firm and staff licencing policies and procedures. • Monitoring audit staff compliance for professional CPE.
6	Engagement Performance	<p>A firm is required to establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that the firm and its partners issue reports that are appropriate. The assessment team specifically considered:</p> <ul style="list-style-type: none"> • An audit firm demonstrates the ability to perform engagements in accordance with professional standards, applicable legal and regulatory requirements and issued appropriate reports. • Engagement teams have appropriate knowledge and experience and have processes of supervision through the audit team hierarchy. • Evidence that the audit firm performs engagements and produces reports within agreed timeframes.
7	Monitoring	<p>The firm must have documented systems and comply with policies and procedures to monitor the audit work. The assessment team specifically considered:</p> <ul style="list-style-type: none"> • Existence of policies and procedures to monitor the quality of the work done. • The frequency of monitoring processes. • Demonstration of the firm's ability to evaluate deficiencies from the monitoring process and take appropriate action.