



FINANCIAL INTELLIGENCE AUTHORITY (FIA)

ANNUAL REPORT
FOR
THE FINANCIAL YEAR 2018 - 2019

September, 2019



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ACRONYMS:

ACAMS	Association of Certified Anti-Money Laundering Specialists
ACU	Anti-Corruption Unit
AML	Anti-Money Laundering
AMLA	Anti-Money Laundering Act
BOU	Bank of Uganda
CAMS	Certified Anti-Money Laundering Specialist
CFT	Combating Financing of Terrorism
CID	Criminal Investigations Department
CMA	Capital Markets Authority
CSBAG	Civil Society Budget Advocacy Group
DCIC	Directorate of Immigrations and Citizenship
D/IR&SA	Director International Relations and Strategic Analysis
D/IT	Director Information Technology
D/OA	Director Operational Analysis
DNFBPs	Designated Non-Financial Businesses and Professions
D/ED	Deputy Executive Director
ED	Executive Director
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
FATF	Financial Action Task Force
FIA	Financial Intelligence Authority
FIC	Financial Intelligence Centre
FIU	Financial Intelligence Unit
FY	Financial Year
GOU	Government of Uganda
ICA	International Compliance Association
ICRG	International Committee Review Group of FATF
IFF	Illicit Financial Flows
IG	Inspectorate of Government

IRA	Insurance Regulatory Authority
IT	Information Technology
LCTRs	Large Cash Transaction Reports
LEAs	Law Enforcement Agencies
MDAs	Ministries, Departments and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
MDIs	Microfinance Deposit-Taking Institutions
ML	Money Laundering
MLCOs	Money Laundering Control Officers
MOU	Memorandum of Understanding
NDA	Non-Disclosure Agreement
NDP2	National Development Plan (2 nd)
NGO	Non-Governmental Organization
NITA(U)	National Information Technology Authority of Uganda
NRA	National Risk Assessment
NWSC	National Water and Sewerage Corporation
ODPP	Office of the Director of Public Prosecutions
OPM	Office of Prime Minister
STRs	Suspicious Transaction Reports
SUGAR	Support to Uganda's Anti-Corruption Response (Project)
TAF	Technical Assistance Facility
TF	Terrorism Financing
TOR	Terms of Reference
UBA	Uganda Bankers' Association
UNODC	United Nations Office on Drugs and Crime
URSB	Uganda Registration Services Bureau
URA	Uganda Revenue Authority
UWA	Uganda Wildlife Authority



CHAIRMAN'S STATEMENT

In accordance with Section 36(1) of the Anti-Money laundering Act, 2013, I am pleased to submit the Annual Report of the Financial Intelligence Authority (FIA) for the financial year 2018/2019. The report has been prepared during the first year of tenure of the 2nd Board of the Authority. I would like to extend my gratitude to Members of Parliament and to the Hon. Minister of Finance, Planning and Economic Development for the confidence in the 1st Board and the re-appointment of almost all of its members to the 2nd Board.

I am happy to report that during the year under review, there has been a remarkable deepening of the understanding by key stakeholders, of the role that the Authority plays in combating financial crime. All law enforcement agencies are now able to tap into the synergies that the Authority offers along the chain of fighting crime and making citizens safe. This is evidenced by the sharp increase in information exchanged between the Authority and law enforcement agencies compared to last financial year. The Authority has continued to consolidate its operations and is counting on the support from all the stakeholders to achieve its mandate.

Among the highlights of the key achievements registered by the Authority during the year include;

- All the priority activities it had set for itself in the previous year;
- The successful transitioning from the manual system of submission of financial reports (suspicious and large cash reports) by banking institutions to the safer electronic system, thereby increasing efficiency;
- Addressing all the requirements forming the outstanding pre-requisites for the Authority to be admitted to Egmont Group of FIUs;
- Deepening of international cooperation evidenced by a large increase in information foreign FIUs shared with the Authority;
- Expansion of the staff numbers and strengthening capacity, including acquisition of AML/CFT professional accreditation by some officers; and

- Expansion of the AML/CFT public awareness to the country-side; regional areas and local governments.

Finally, on behalf of the Board, I wish to reiterate the commitment of the Authority to; strengthen cooperation with all stakeholders; support law enforcement agencies; and ensure that our financial system is not used to further criminal enterprises. Whereas challenges still abound, largely due to the newness of the AML Act, 2013 rendering low awareness of obligations under the law, we strongly believe that all this will improve in the near future.

I wish once again to thank the Hon. Minister of Finance, Planning and Economic Development for the continued support that enables the Authority to contribute to the financial stability and overall development of our country. I also wish to thank my colleagues the Board members and management and staff of the Authority for the cooperation and dedication in their work that has made the year under review a success.



Leo Kibirango

Chairperson of the Board.



FOREWORD

During the year under review, the Authority's priorities set last financial year were largely achieved. The Authority was able to recruit 17 more staff which boosted its capacity to 59% of the full-capacity level provided-for under the current organizational structure. Staff training and capacity building were therefore one of our focus areas with priority placed on AML/CFT professional accreditation. Two officers were accredited to Association of Certified Anti-Money Laundering Specialists (ACAMS) of USA, while the 3rd officer to International Compliance Association (ICA) of UK.

Domestic cooperation with stakeholders was strengthened and as a result information shared between the Authority and law enforcement agencies (LEAs) and MDAs sharply increased. Although ML/TF convictions still remained low at less than 5, the number undergoing prosecution has steeply risen to over 15. The Authority however, recognizes that there is need to undertake more training and capacity building for staff of LEAs in the area of financial and forensic investigations and to all stakeholders along the criminal justice chain.

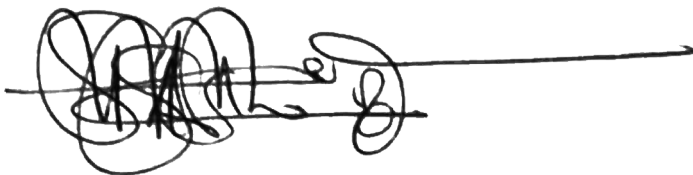
Public awareness and sensitization on AML/CFT matters was rolled-out country-wide however, initially only to regional towns of Arua, Mbale, Jinja and Mbarara. The attendance and enthusiasm in all these events was high as evidenced by the nature of queries/issues raised by participants, most of which will be used as a basis for adjusting the national AML/CFT policy. On the other hand, international cooperation and information exchange was deepened. The AMLA amendment bill, 2019 to amend Section 38 (b) of AMLA (as amended) was presented before Parliament, to allow for spontaneous exchange of information in accordance with the FATF standards and was the only remaining impediment for admission of FIA to the Egmont Group of FIUs. The admission is now expected to be effected during the next Egmont plenary meetings due to be held in early July, 2019 in The Hague, The Netherlands.

During the year under review, the Authority's budget was raised by 40% above that appropriated last financial year. Out of the appropriated budget, 99.9% was released, although it was not fully utilized on account of the newly recruited staff who reported on duty in September, instead of July, 2018 as earlier planned. The unutilized funds amounting to 5.9% of the Authority's wage bill were returned to the consolidated fund in line with the requirements of the public financial management regulations. It should also be noted that the Authority received and benefited

from additional resources from the EU-Support project to government under the Accountability Sector. Although UGX 2.025 billion was allocated to the Authority under this project, only UGX 1.026 billion (50.7%) was utilized because it was released late, during the 2nd half of the financial year. The additional funds were deployed and helped achieve more outputs in the areas of public awareness, IT solutions and capacity building programmes of the Authority.

In the next FY the Authority will continue to; strengthen the capacity of its staff; enhance and deepen public awareness; increase training and outreach to accountable persons; further consolidate domestic and international cooperation; and request for the upgrade of the mutual evaluation ratings obtained in the 2016 mutual evaluation. In addition, the Authority will support the Ministries of Lands, Housing and Urban Development (MOHUD) and the Ministry of Finance, Planning and Economic Development (MOFPED) to establish a regulatory framework for the real estate sector and to prepare and organize the ESAAMLG annual plenary of the Council of Ministers scheduled for September, 2020 respectively. During next year, the Authority will prepare a revised national AML/CFT policy and put in place a new strategic plan for the period FY 2020/21 – 2024/25.

Finally, on behalf of management and staff of the Authority, I wish to thank the Board for guidance and the Hon. Minister of Finance, Planning and Economic Development together with his senior staff for the strong support given to the Authority. I also wish to express gratitude to the staff of the Authority for the hard work and dedication; and to all our stakeholders for the cooperation that enabled the achievement of successes registered in the year. We pledge to continue working hard and in particular support the law enforcement agencies in fighting financial crime and contribute to the stability and safety of our financial system.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Sydney Asubo

Executive Director

CORPORATE GOVERNANCE OF THE AUTHORITY

CORPORATE PROFILE

Financial Intelligence Authority is a semi-autonomous agency established under the Anti-Money laundering Act, 2013 to; combat money laundering activities; make orders in relation to proceeds of crime and properties of offenders; impose certain duties on institutions and other persons, businesses and professions who might be used for money laundering purpose; provide for international cooperation; and designate money laundering as an extraditable offence.

The following are the functions of the Authority;

- i. Receive, process, analyze and interpret information disclosed to it and obtained by it in terms of the Act;
- ii. Refer any matter or information derived from any report or information it receives to the appropriate law enforcement agency, if on the basis of its analysis and assessment, it has reasonable grounds to suspect that the transaction would be relevant to the investigation or prosecution of a money laundering offence, terrorist financing offence or any serious offence;
- iii. Inform, advise and cooperate with other competent authorities;
- iv. Give guidance to accountable persons, competent authorities, and other persons regarding compliance with the Act;
- v. Retain the information disclosed and/or obtained by it in a prescribed manner for a period of at least ten years;
- vi. Collect fines adjudicated under the Act;
- vii. Issue guidelines to accountable persons not under the jurisdiction of supervisory authorities, in relation to customer identification, record keeping, reporting obligations and the identification of suspicious transactions; and
- viii. May provide training programs for accountable institutions in relations to customer identification, record keeping, reporting obligations and the identification of suspicious transactions.
- ix. Register, and keep a register of all accountable persons.
- x. Supervise, monitor and ensure compliance of the Act by all accountable persons in consultation with respective regulatory authorities.
- xi. Impose administrative sanctions on accountable persons who fail to comply with directives, guidelines or requests issued by the Authority.

OUR VISION:

To be a centre of excellence in combating money laundering and financing of terrorism.

OUR MISSION:

To foster the integrity of the financial system through effective detection and prevention of financial crime.

OUR VALUES:

- Professionalism
- Integrity
- Confidentiality
- Accountability
- Transparency
- Teamwork.

OUR OFFICES:

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Website: www.fia.go.ug

FIA BOARD



Seated: Left to Right; Mr. Leo Kibirango (Chair), Ms. Patricia Mutesi (Member) Patrick Ocailap (Member) and Standing: Left to Right; Mr. Titus Mulindwa (Member), AIGP Grace Akullo (Member), Mr. Sydney Asubo, Ms. Brenda Mahoro (Secretary) and Mr. Michael Olupot-Tukei (Deputy Executive Director).

During the financial year under review, members of a new Board was appointed by the Minister of Finance, Planning & Econ. Development, following the expiry of the term of office of the old Board on 30th June, 2018. Save for one member, all four members of the old Board were re-appointed to the new Board in accordance with S.26 (1) of AMLA. Their appointment was effective from 1st October, 2018 and were sworn-in under the oath of secrecy and inaugurated on 13th November, 2018. The fifth member of the Board (Mr. Titus W. Mulindwa) was appointed with effect from 1st March, 2019 and took the oath of allegiance on 5th April, 2019. The following is the full membership of the new Board;

- | | | |
|--------------------------|---|-------------|
| 1. Mr. Leo Kibirango | - | Chairperson |
| 2. Mr. Patrick Ocailap | - | Member |
| 3. AIGP Grace Akullo | - | Member |
| 4. Ms. Patricia Mutesi | - | Member and |
| 5. Mr. Titus W. Mulindwa | - | Member. |

BOARD COMMITTEES

The Board delegates some of its functions to the Committees in accordance with S.27 (b)(iii) of AMLA. The Committees established are; Audit and Risk Committee; and Finance & Administration Committee. The Committees are constituted as follows;

Audit and Risk:

Mr. Patrick Ocailap	-	Chair
Ms. Grace Akullo	-	Member
Ms. Brenda Mahoro	-	Secretary

Finance & Administration

Ms. Patricia Mutesi	-	Chair
Titus W. Mulindwa	-	Member
Ms. Brenda Mahoro	-	Secretary

A new Risk Committee will be established when the number of Board members is increased. Due to the heightened importance of risk in AML/CFT operations it has been found befitting to give it special treatment by creating a separate Board Committee. In the interim all risk issues are handled and discussed at the full Board level.

Secretary to the Board

The AMLA does not have a provision for the Secretary to the Board. Currently, the Executive Director, who is also an ex officio member of the Board provides secretarial services and support to the Board through the Manager Legal, who has been designated to perform the functions of the Secretary to the Board. The Secretary liaises closely with the Chairman and ensures timely communication of information to members of the Board, and from the Board through the Executive Director to Management. Members of the Board will need more resources to enable them fulfil their functions. In particular, it is necessary to enhance the exposure and benchmarking program to enable the Board keep abreast with the rapidly evolving AML/CFT terrain.

Internal Audit

The internal audit function is an integral and essential part of the governance process. The Authority has an Internal Audit Department that provides independent assessment and review of the effectiveness of the operating procedures and governance processes, and hence plays an important role in the achievement of the set goals and objectives. The Internal Auditor, though part of the management team of the Authority, reports directly to the Board.

Management of FIA.

Top management of the Authority consists of the Executive Director, Mr. Sydney Asubo (who is also the ex-officio member of the Board), Deputy Executive Director and six Directors as can be seen from the organogram on the next page. Top management is supported by 8 Managers who are heads of respective departments. Together, they provide support to the Board and are responsible for the execution of FIA's mandate on a day-to-day basis.

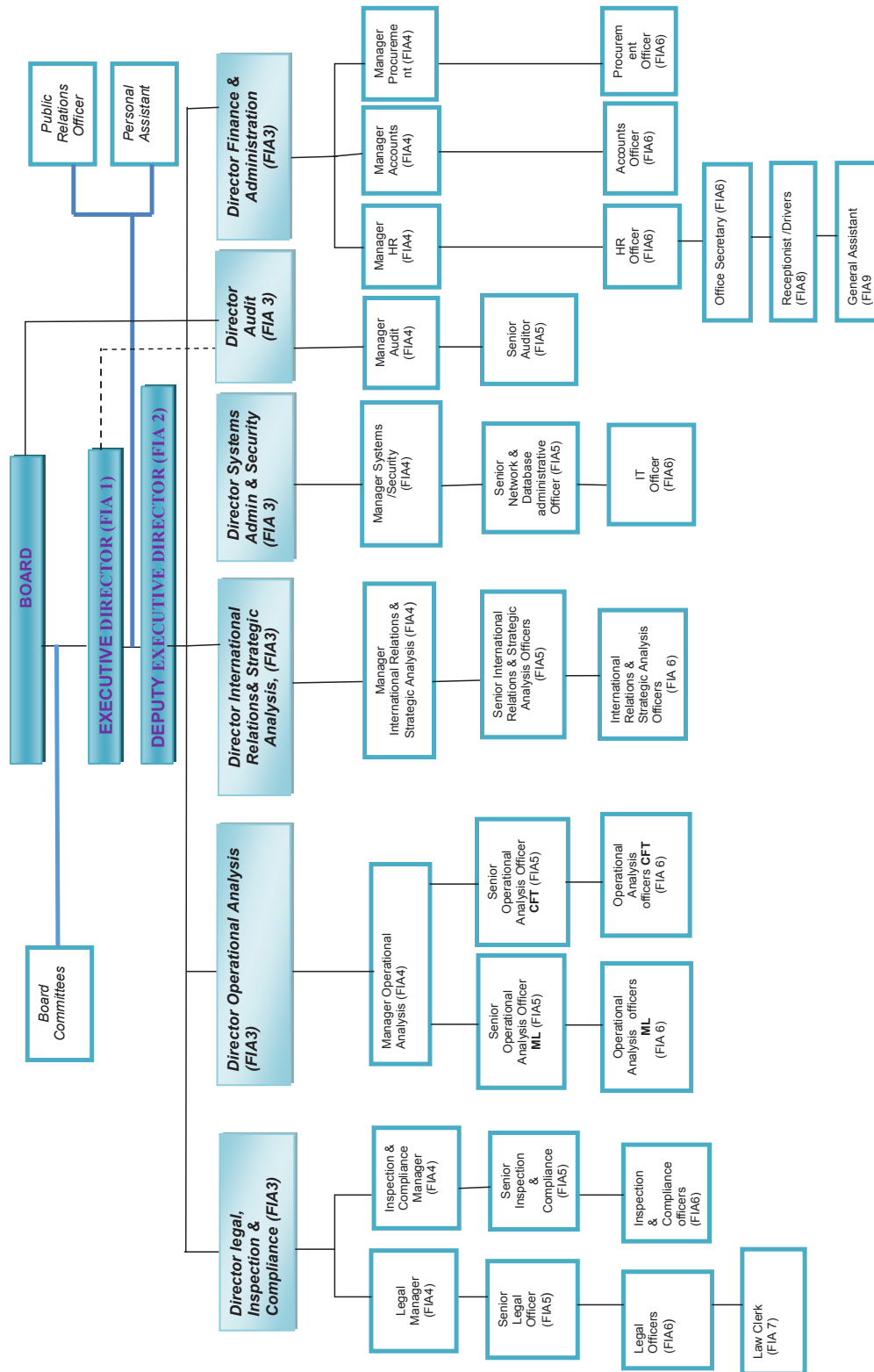
The photo below is for members of top management of the Authority.



Seated: *Right* – Mr. Sydney Asubo (ED) and *Left* – Mr. Michael Olupot-Tukei (D/ED)

Standing: *Left to Right* – Samuel Were Wandera (D/IR&SA), Mr. Nayinda James Kayongo (RIP), (D/IT) and Mr. Odo Manyire (D/OA).

THE AUTHORITY ORGANOGRAM.



A SUMMARY OF PERFORMANCE DURING THE FY 2018/2019

The key performance highlights of the FY under review include;

- i. Dissemination of the national risk assessment report to key stakeholders, having been launched by the Hon. Minister of Finance, Planning and Economic Development, following Cabinet approval last year.
- ii. GoAML electronic analytical and reporting system was successfully piloted on live infrastructure, initially for six banks, then later extended to additional seven and by the end of the financial year, was rolled out to all 24 banks and telecom companies that offer mobile money services. The piloting phase ended on 30th June, 2019 and thereafter the system is to be transitioned from the test to a production environment.
- iii. The reporting of Suspicious Transactions Reports (STRs) and Large Cash Transactions Reports (LCTRs) was transitioned from the manual to the goAML electronic system, which also has a dash board for email communication with reporting entities.
- iv. A number of public awareness events were held and include;
 - a) Regional workshops, held in the towns of Mbarara, Mbale, Jinja and Arua.
 - b) Participation in exhibitions; during the Uganda Revenue Authority (URA) Appreciation week; and Accountability Sector Working Group (ASWG) regional exhibition held in Hoima.
 - c) Presentations made in various stakeholder workshops, conferences and seminars.
- v. Achieved all the priorities that were set in last FY's report.
- vi. All requirements for FIA's admission to the Egmont Group of FIUs were met and assurance was given to the effect that admission will be extended during the next Egmont Plenary meetings due to be held in early July, 2019 in The Hague, Netherlands. Henceforth, information exchange with foreign FIUs will be conducted through a secure and safe Egmont electronic platform.
- vii. Enforcement of compliance of accountable persons with AML/CFT obligations was intensified. The registration of accountable persons was accelerated and on-site inspections conducted on selected and targeted financial institutions, on a risk based approach.
- viii. Staff matters. Seventeen technical staff were recruited which, significantly boosted the staff strength of the Authority, from 22 to 38. The Authority however, lost one its senior officer (Director IT, James Nayinda Kayongo - RIP) who passed-on during the FY. All staff attended various training courses both domestically and abroad, including 3 staff who obtained professional certification in AML/CFT. These were; Mr. Michael O. Tukei (ICA, AML/CFT); Mr. Odo Manyire (CAMS); and Mr. Lazarus Mukasa (CAMS).

- ix. Financial management. The approved budget for the FY 2018/19 was released at 99.9% by the Ministry of Finance. The 0.1% not released was on account of across the board cut of the development budget in all MDAs. Out of the amount released, UGX. 262 million (2.1%) was returned to the consolidated fund, as savings on salaries of the recruited staff who had to report in September instead of July, 2018 as earlier planned. Additional financial support was received from a European Union supported project on Good Governance, which, boosted the number of activities accomplished by the Authority. The financial statements for the FY have been prepared and await audit by the Auditor General.
- x. The new Board of the Authority was approved by Parliament and appointed by the Hon. Minister, with effect from October 01, 2018. All members from the previous Board except one, were re-appointed and in accordance with AMLA, 2013 will serve for the last term of 3 years up to September 30, 2021.

STRATEGIC OBJECTIVES

The FIA implemented a number of activities in fulfillment of the Strategic Objectives as outlined in its Strategic Plan 2017/18 – 2019/20. The objectives are;

- i. Enhance the identification of the proceeds of crime;
- ii. Enforce compliance of accountable persons with the AML/CFT laws;
- iii. Increase public awareness and understanding of matters related to money laundering;
- iv. Collect and disseminate information to Competent Authorities;
- v. Strengthen cooperation and partnerships with regional and multi-lateral institutions and exchange information with foreign financial intelligence units.
- vi. Strengthen the capacity of the staff of the Authority to effectively and efficiently deliver its mandate.

The activities implemented and achievements gained under each strategic objective are provided in the details below.

OBJECTIVE 1: Enhance the identification of proceeds of crime.

Deployment of goAML electronic analytical and reporting system:

Following the success of the initial customization and configuration of the system undertaken last financial year, during this year the piloting phase on live infrastructure was accomplished. Management of FIA made a decision that piloting of the system was to be restricted to tier 1 commercial banks. The piloting process was phased, initially beginning with six banks (Barclays bank, Stanbic bank, Standard Chartered bank, DFCU bank, Centenary bank and Diamond Trust bank). Later, during the third quarter of the financial year (in January, 2019), the piloting scope was extended to more seven banks (ABC Capital bank, Eco bank, Bank of Baroda, Citibank, Finance Trust bank, Equity bank and Exim bank) and to the rest of the banks as well as to all telecoms that offer mobile money platforms during the fourth quarter.

During the piloting of goAML, a number of activities were undertaken which, include;

- Training of all FIA staff (in the 1st half of the financial year – September, 2018 and in the 2nd half of the financial year – January, 2019) by the FIA IT team on the use of the system. In addition, the monthly meetings of the goAML implementation team were used as a forum for providing continuous update to staff on progress in implementing the production environment of the system. Furthermore, during this period, support was sought and extended to the Authority staff by the IT technical staff from FIC-South Africa, as well as those from UNODC-Vienna.
- Training workshops for the Money Laundering Control Officers (MLCOs), IT staff and Compliance Officers of the pilot implementing banks (held on 27 – 31, August, 2018 at Esella Country Hotel; 13 -14 March, 2019 in FIA Boardroom; and 5 – 8 June, 2019 in the Eastern and Southern Africa Management Institute (ESAMI) premises). The areas of training included; further configuring and localizing the elements of the goAML system; updating the database schema; web registration; and submission guides and help desk procedures, among others.

- Training of MLCOs on the utilization and submission of the web reports which, has resulted in a significant improvement of the quality of reports submitted through the system. The training was done in tandem with fine tuning the receipt of Suspicious Transactions Reports (STRs) through the system by addressing the errors and omissions arising from the pilot submissions.
- Review of the transactions workflows to further customize the configurations to suit the needs of the Authority.
- In liaison with NITA-U, established a goAML recovery site.
- Several on-sight visits were made to all then pilot banks to support their IT and Compliance teams with the goAML implementation processes, including; system functionality review; XML uploads; and reporting requirements. The visits were supplemented with continuous online support to ensure prompt response on the message-board and system-use queries.
- Upgraded the goAML system to the latest version, including bug fixes and enhanced system functionalities.

The photos of the goAML training sessions can be seen [here](#) below.



MLCOs, IT staff from Banks, IT Consultants and FIA staff attending a training session in FIA Board Room. Standing are; FIA staff, Ms. Sherifah Tumusiime – in red dress (Ag. Director IT) and Mr. Ivan Bwire (IT Officer, in-charge goAML).



goAML system training for staff of banks and Telecoms at ESAMI premises. Seated in front and extreme left is Mr. Sydney Asubo, ED FIA and seated right are staff of banks and telecom companies.



Sensitization session for FIA staff (left) and standing is Mr. Ivan Bwire (Officer, IT) and staff of piloting banks (right) on goAML in the FIA Board room.



FIA goAML Project Implementation Team Members: during a break, in a workshop at ESELLA Country Resort. Seated right to left are; Mr. Odo Manyire; Mr. Lazarus Mukasa; and Mr. David Ngobi.

During the year, the Authority successfully received a total of 295 STRs on the goAML platform. No STRs were received on goAML during last financial year, which was before the piloting exercise began.

Typologies/Trends Analysis

During the year, FIA commenced on two typology studies in order to understand the trends and methods that criminals use to launder proceeds of crime in two sectors of; gaming; and Non-profit organizations. The findings are expected to guide policy interventions in terms of the nature, extent and type of controls that can be applied to minimize the risks and deter the criminal activities. The typology studies include; ML/TF typology study on sports betting in Uganda and ML/TF typology study on the NGO sector in Uganda.

In addition, the FIA is participating in a regional typologies project under the aegis of ESAAMLG Secretariat that is focused on the ML/TF through proceeds generated from corruption in public procurement. The final report is expected to be approved in the ESAAMLG Council of Ministers meeting in September 2019.

Domestic Cooperation.

Effective identification of proceeds of crime requires a robust inter-agency cooperation framework to be in place. In pursuit of this objective, the Authority has strengthened and seeks to deepen cooperation with law enforcement agencies, competent authorities and all key stakeholders. To this effect, apart from the various MoU's signed¹, the Authority has operationalized regular quarterly meetings with; Uganda Police (CID); Uganda Revenue Authority (URA); and MLCOs. These meetings help to enhance the exchange of information, follow-up slow-moving cases, resolve any AML/CFT matters of interest before the entities, and arrange for joint training of staff. Through these fora, MLCOs specifically are informed of the latest policy developments in the AML/CFT compliance arena, given generic feedback on reporting issues and developments in new ML/TF; risks, trends and methods. Through close cooperation and collaboration with law enforcement agencies the Authority is optimistic that the scourge of money laundering and terrorism finance will be contained.

OBJECTIVE 2: Enforcement of Compliance with the AML/CFT Obligations.

Section 19 (b) provides ensuring compliance with the AMLA, 2013 as one of the objectives of the Authority. In addition, Sections 21A (1) and (2) of AMLA (as amended), provides that enforcement of compliance by an accountable person shall be the responsibility of the supervisory body of the accountable person, however, where the accountable person has no supervisory body, then this responsibility is vested with the Authority.

In order to be able to effectively enforce compliance, section 21 (pb) of AMLA, 2013 (as amended) requires the Authority to register accountable persons. Due to low compliance with this provision, the Authority issued a circular in August, 2018 reminding the accountable persons of this obligation and the response is presented in the table below. A total of 682 were registered during the year under review.

¹ FIA has signed MoUs with; ODPP, BOU, CMA, IRA, URSB, URA, IG

Table of Status of registration of accountable persons

Accountable person	No. Registered before issuance of circular	No. Registered after issuance of circular	Total No. registered as at June 30, 2019	Estimated No. of existing accountable persons
Commercial banks	20	4	24	24
MDIs	3	2	5	5
Forex bureaus	26	177	203	225
CMA licencees	6	11	17	30
NGOs	23	339	362	12800
Insurance Cos	5	21	26	28
Credit Inst. & Devlpt. banks	3	3	6	6
Insurance Brokers	2	22	24	36
Insurance Agents	0	0	0	2332
Accountants/Accountancy firms	3	61	64	230
Advocates/Law firms	1	14	15	1800
Mobile Money providers	0	4	4	4
Real Estate Agent/Brokers	0	0	0	2000
Regulators: UCC/BOU/IRA/CMA	4	2	6	10
Casinos	0	13	13	18
Churches	1	7	8	500
Dealers in precious metals & Gem	0	2	2	18
Registrars of land	0	0	0	35
Uganda Investment Authority	1	0	1	
Registrar of Companies	0	0	0	1
NSSF	1	0	1	
Total	99	682	781	

Interventions for AML/CFT Compliance Enforcement in Non-regulated Sectors.

One of the key sectors without a regulator is the real estate sector. In liaison with the Ministry of Lands, Housing and Urban Development (MLHUD), the Authority has spearheaded the formation of a task force of stakeholders in this sector to address AML/CFT compliance and regulatory issues. The main objective of the taskforce is to fast track the development of a regulatory framework (draft law, regulations and guidance notes) for this sector.

Interventions to address existing gaps in the current AML/CFT legislations.

One of the roles of the Authority is to regularly review the AML/CFT legislations to ensure that they are compliant with the FATF standards, in order that the accountable persons are equally compliant with current requirements. During the year, the Authority undertook the following to address the identified gaps;

- i. The amendment bill 2019 of AMLA 2013 S. 38 (1) (b) was drafted and tabled before Parliament to allow for the spontaneous exchange of information.
- ii. The AML Regulations amendment was undertaken to incorporate administrative sanctions on reporting entities that fail to comply with AMLA, 2013 (as amended). The draft administrative sanctions were submitted to the Ministry of Finance, for approval.
- iii. The amendment of the second schedule of AMLA, 2013 (as amended), to incorporate Virtual Assets Service Providers (VASPs) as accountable persons was undertaken and forwarded to the Hon. Minister for his approval.

AML/CFT supervision and guidance.

Throughout the year, the Authority provided guidance and clarifications to various accountable persons upon their requests with respect to AML/CFT legal and operational issues to be able to comply with their obligations. In addition, awareness training was delivered to staff and management of selected accountable persons using both a risk-based approach and upon request.

AML/CFT On-site Inspections. During the year, the Authority conducted on-sight inspections of various accountable persons as follows;

- i. **Forex Bureaus.** On-sight inspections for AML/CFT compliance was undertaken based on a risk-based approach on six forex bureaus. These are; Arua forex bureau, Jetset, Dollar House, Kamwe, Easy Trade and Novo Forex Bureaus. The reports of the inspections noted significant weaknesses and recommended remedial measures for implementation.
- ii. **Banks.** On-site Inspections were undertaken on two banks; Ecobank (U) Ltd and of Finance Trust Bank (U) Ltd.

Off-site Inspections. In addition to on-site inspections, a routine review of all compliance reports (including AML/CFT policies, annual compliance and risk assessment reports) submitted by accountable persons was undertaken and the necessary updates to the records and registers done.

OBJECTIVE 3: Public Awareness and Outreach.

During the year, more public awareness and outreach sessions to various stakeholders were held compared to last year. The sessions were delivered through various ways, including; media platforms like selected FM radios, television stations and articles/press releases published in selected news magazines/papers; regional events; conferences; workshops; seminars; and exhibitions.

Dissemination of the ML/TF National Risk Assessment Report

The ML/TF National Risk Assessment (NRA) report was disseminated through a workshop that was held on 14th September, 2018 at Sheraton Hotel. It was presided over by the Minister of State for Finance, Planning and Economic Development (Planning) and attended by various stakeholders. The event was preceded by a media/press breakfast briefing held on 12th September 2018 at Hotel Africana.

The event was to inform the stakeholders the results of the ML/TF national risk assessment exercise that had been concluded and the report adopted by Cabinet. The report highlights the ML/TF risks and vulnerabilities that the country is exposed to, and the proposed mitigation measures that need to be put in place to address them. Our annual report of FY 2016/17 presents a comprehensive analysis of the findings of the risk assessment. A summary of the ML and TF risks are presented in the box below.

A summary of the ML Threat Analysis:

- i. The analysis of the ML threat showed that, at domestic level, the most proceeds-generating predicate offences are corruption, fraud, tax crimes, and counterfeiting of goods.
- ii. At external/trans-national level – that is the predicate offences committed outside Uganda and the proceeds laundered in or through Uganda – the most proceeds-generating predicate offences are smuggling, wildlife offences, drug trafficking and human trafficking.
- iii. The analysis of the threat at sectorial level and the analysis of the most common ML methods show that the real estate sector poses the highest ML threat.
- iv. The threat analysis concerning the financial sector presents different degree of ML threat, with securities posing the lowest ML threat and other financial institutions such as money lenders, money for value transfers and forex exchange the highest, while banks pose a medium-high risk to ML.

A summary of the TF Threat Analysis:

- i. The NRA findings indicate that the overall threat of terrorist financing is rated as medium high; as a combination of the external threat, which carries a higher risk rating while the internal threat, carries a medium risk.
- ii. While there are significant strengths in the anti-terrorism framework, more focus should be placed on TF intelligence and investigations, and effective implementation of preventive measures by accountable persons.

Below are some of the photo highlights of the dissemination event.



The ED FIA and NRA National Coordinator responding to journalists during the media breakfast at Hotel Africana on 12th September 2018.



Left-Right - Ms. Bhavna Sharma, Head of Governance in DFID-Uganda; Hon. David Bahati, Minister of State in-charge of Planning; and Mr. Sydney Asubo, ED FIA and National Coordinator for National Risk Assessment.



Left-Right - Mr. Michael Tukei (DED FIA), Ms. Bhavna Sharma (Head of Governance DFID), Hon. David Bahati (Minister of State in-charge of Planning), Mr. Sydney Asubo (ED FIA and NRA National Coordinator), Ms. Valentine Namakula (Director SUGAR-TAF), Mr Samuel W. Wandera (Director IR&SA, FIA), Mr. Baker Kanyangoga (Principal Economist, MoFPED) after the NRA report dissemination.

Regional Public Awareness Events.

During the year, regional public awareness events were held to engage stakeholders and the general public country-wide to deepen their understanding on AML/CFT issues. This was done in selected regional towns as highlighted below.

FIA conducted 4 AML/CFT public awareness events in; Jinja on 26/03/2019, at the Public Service College; Mbarara on 9/5/2019, at Hotel Triangle; Mbale on 12/6/2019, at Mbale Resort Hotel; and Arua on 19/6/2019, at Desert Breeze Hotel. Over 600 stakeholders and members of the public attended these workshops. The events were well covered by the various media houses which boosted further awareness through broadcast, as summarized below.

No	Media Station	Area	Link	Date
1	New Vision	Jinja	https://newvision.co.ug/new_vision/news/1498497/govt-urged-digital-transactions-fight-money-laundering	26/3/19
2	Bukedde TV	Jinja	https://youtu.be/e85wouW0vXg	26/3/19
3	Bukedde TV	Mbarara	https://youtu.be/81CwVcl1vOg	9/5/19
4	NTV	Mbale	https://youtu.be/8l-RmC3GSXk	12/6/19
5	NBS	Arua	https://www.youtube.com/watch?v=vf1WnAM_rVA	19/6/19

During the events, FIA was hosted on a radio talk show by Radio West.



Seated left, is Director IR & SA and on right is Manager IR&SA during a radio talk show in Mbarara,



Seated on the right is Manager IR & SA during radio talk show in Mbarara.

FIA was also hosted on BBS TV on a talk-show titled "Ettaka ye Nyaffe" (Land is our livelihood), to discuss AML/CFT issues as regards the findings of the NRA report, 2017. The program was sponsored by Buganda Land Board. <https://www.facebook.com/bbstvUG/videos/836108633431903/>



Seated on the right, is FIA Officer during a TV talk show on Buganda Broadcasting Television.



FIA Officer (left) addressing participants (right) during a public awareness workshop in Mbarara.

Workshops:

Staff of the Authority participated and made presentations in various workshops that include;

- i. Workshop of Registrars of Land organized by the Ministry of Lands Housing and Urban Development (MLHUD), to understand their AML/CFT obligations as accountable persons.



Section of the participants (left) in a workshop at Imperial Royal Hotel and Director, IR&SA FIA (right) addressing them.



Panelists during the AML/CFT training for Registrars of Land.



FIA Director, IR & SA responding to journalists

- ii. Workshop on Strategic Trade Controls, Sanctions and Counter Proliferation Finance, held on 8th and 9th April, 2019 at Sheraton Hotel organized by the USA Embassy in liaison with, Financial Intelligence Authority.
- iii. Workshop on e-Government integration, held on 30 – 31 May, 2019 at Imperial Hotel, Entebbe. It was organized by NITA-U to introduce the integration plan to the participating entities and explain the need for information sharing with quick secure access as key to an entity's growth, efficiency and effectiveness while carrying out key activities.
- iv. Workshop on Joint Kenya-Uganda cross-border prevention of wildlife trafficking. It was organized by Uganda Wildlife Authority (UWA) in collaboration with International Fund for Animal Welfare (IFAW) and held in Hotel Africana on 20 November, 2018.
- v. Sixth Annual Forum of the Human Rights Centre, held on 20 – 22 March, 2019 in Silver Springs Hotel. FIA made a presentation on the obligations of NGOs under the AMLA, 2013.
- vi. Workshop for Senior Police Officers, held on 9 – 10 August, 2018 in Police Senior Command and Staff College, Bwebajja. FIA made a presentation on "Money Laundering and Terrorist Financing (ML/TF) Legislations: the Role of Financial Institutions".
- vii. Breakfast Workshop with the Religious Leaders under Inter - Religious Council of Uganda and Chapter Four, held on 30 November, 2018. FIA made a presentation on the obligations of NGOs under the AMLA, 2013.

Conferences:

Staff of the Authority participated and made presentations in various conferences which, include;

- i. A Key Note Address on "Role of FIA in Financial Crime Investigations" to Senior Police Officers undergoing the Senior Command and Staff Course held at Police Senior Command and Staff College, Bwebajja on 24 May, 2019.
- ii. A key note address on the "Role of prosecution in AML/CFT" to over 130 representatives LEAs at a training that was organized by CWAG/AAP and held at Protea Hotel on 2 April, 2019.
- iii. A Roundtable discussion on Uganda's status on the effectiveness of the AML/CFT framework organized by the Global Centre on Cooperative Security that was held at Protea Hotel, Kampala on 13 May, 2019.
- iv. Dialogue on fighting of Counterfeits, organized by Anti-Counterfeit Network and held on 27 September, 2018 in Hotel Protea. FIA made a presentation on "Role of FIA in fighting Counterfeits".

Exhibitions:

FIA participated in two exhibitions; organized by Government of Uganda and Accountability Sector Working Group (ASWG) respectively. The national exhibition week was held in Kololo Independence grounds during Uganda Revenue Authority's Appreciation Week; week of 26 - 28 September, 2018. The event attracted 289 exhibitors from various MDAs. FIA's stall registered 309 visitors who were engaged on AML/CFT issues. This exhibition strengthened FIA's partnership

with MDA's and enhanced awareness of guests on AML/CFT matters. FIA was able to engage and received feedback from the public and other MDA's which will help in improving the approach to mitigating ML/TF risks.

The photo highlights of the URA Appreciation Week exhibition are presented below.



Guests signing FIA's Guest book.



FIA staff (left) handing documents to guests.



Rt. Hon. Prime Minister, Dr. Ruhakana Rugunda at one of the stalls during the exhibition.



Participants and guests at the exhibition week at Kololo Airstrip. In the centre wearing a grey cap is the 1st Deputy Prime Minister, Hon. Moses Ali.



Rt. Hon. Prime Minister, Dr. Ruhakana Rugunda officially opening the National Service Excellence week At Kololo Independence grounds (left), while on the right is FIA stall.

The ASWG exhibition took place on 25th and 26th April, 2019 in Hoima district, Bunyoro sub region under the theme; “Accountability, a shared responsibility for effective service delivery”. FIA secured a stall where materials with AML/CFT information were distributed as well as engaging directly with members of the general public. A total of 150 people visited the FIA stall and were sensitized on AML/CFT matters. Below are some of the photo highlights during the event.



Left, Hon. Minister for Ethics and Integrity flagging off the street walk in Hoima town as one of the activities during the ASWG regional event in Hoima District, while seated on the right, FIA Officer (2nd from right) exhibiting AML/CFT materials

Training of Accountable Persons:

In accordance with S.20(1)(h) of AMLA, during the year under review, staff of FIA supported some accountable persons in conducting training of their employees to understand their roles and obligations under the AML/CFT legislations. The accountable persons who benefitted include;

- i. Staff and Management of CIC insurance company, held on 12 March, 2019
- ii. Mobile money agents organized by Association of Microfinance Institutions in Uganda (AMFIU), held on 14 February and 19 March, 2019.
- iii. Staff and Management of Dollar House forex bureau, held on 4 May, 2019.
- iv. Staff and Management of UNIMONI forex bureau, held on 27 January, 2019
- v. Civil Society Organizations (CSOs) in Western Uganda organized by Defenders Protection Initiative (DPI), held on 23 May, 2019 at Lake View Hotel in Mbarara.
- vi. Representatives of CSOs, held on 23 October, 2018 in Kabira Country Club.
- vii. Senior Management Staff of Airtel, held on 15 April, 2019 in their Head Office.
- viii. Staff and Management of Dahaabshil forex bureau, held on 27 October, 2018.
- ix. Staff of National Gaming Board, together with owners and staff of gaming companies, held on 14 February, 2019.
- x. Board members of EFC (an MDI), held on 5 December, 2018
- xi. Board members of Exim bank, held on 9 March, 2019

OBJECTIVE 4: Receipt, Analysis and Dissemination of Information.

Suspicious Transaction Reports (STRs) Received.

The core mandate of FIA as required by international standards is to receive, analyse and disseminate financial intelligence reports to law enforcement authorities and as appropriate to competent authorities. During the FY 2018/19, FIA received 535 STRs, as summarized in the table below.

Table of STRs Received By Category of Accountable Persons

	Category	Q1	Q2	Q3	Q4	Totals	Percentage
1	Commercial Banks	83	87	94	191	455	85%
2	Forex Bureaus	2	16	24	27	69	13%
3	Credit Institutions	-	-	1	3	4	0.7%
4	Telecom Companies	-	-	1	2	3	0.55%
5	Asset Management Company	-	-	1	2	3	0.55%
6	Microfinance Deposit Taking Institutions	-	-	0	1	1	0.2%
	Total	85	103	121	226	535	100%

From the table above, it can be noted that (455) 85% of the STRs were received from commercial banks, (69) 13% from forex bureaus and (8) or 2% from the rest of the reporting entities. The trend indicates that a majority of STRs submitted is filed by commercial banks which, is consistent with the observations in the previous years and what pertains in other jurisdictions. It reflects the deep consciousness and awareness of banks, as being the central locus of financial transactions and potential financial crime.

Below is a table of cumulative STRs received by the Authority since its inception.

Table of Cumulative STRs since inception of FIA:

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Totals
Disseminated	32	49	39	75	79	263
Closed	60	119	41	87	77	384
Work in progress	118	135	287	273	379	1192
Total	210	303	367	435	535	1,853

Large Cash and/or Monetary Transactions Reports

The large cash transactions (LCTs) are reported to the Authority by accountable persons in accordance with Section 8 of AMLA. The reports are filed electronically, initially in excel worksheet formats and now through the goAML electronic system. Analysis is done on a risk-based approach and archived for future reference. Authority received on average 145 LCTs consisting of an average of 4.76 million transactions from at least 35 accountable persons in every quarter of the financial year.

Cross-Border Declarations of Currency and Bearer Negotiable Instruments.

Section 10 of the Anti-Money Laundering Act 2013 (as amended), provides a requirement for domestic or foreign currency or negotiable bearer instruments which do not pass through the formal financial system, exceeding one thousand five hundred currency points, being transported or sent across the national borders of Uganda have to be declared to Uganda Revenue Authority (URA) at the point on Entry or Exit. URA is then required, without delay, to forward to the Authority any declarations completed.

During the year under review, 81 declarations were filed by URA, of which 74 were for entry while 7 were for exit, all from Entebbe International Airport. The declarations were reviewed, analyzed and the relevant database was updated. The Authority as well as URA have noticed the slow implementation of this requirement. As a result, an Inter-Agency Taskforce (that includes all cross-border law enforcement agencies) was established to assess the implementation challenges and come up with guidelines and recommendations for ensuring effective implementation.

Sharing of Information

Sharing and exchange of information between FIA and Law Enforcement Agencies, enables effective detection, deterrence and combating of financial crimes in the country. This is equally true internationally when information is exchanged between FIUs and as required by international AML/CFT standards.

i. Dissemination of Intelligence Reports

During the financial year and in accordance with S.20 (1)(b) of AMLA, one hundred (100) intelligence reports were disseminated to law enforcement agencies compared with eighty two (82) disseminated during the previous year. The disseminations during the year under review are summarized in the table below.

Table of Number of Intelligence Reports Disseminated.

	Entity	Q4	Q3	Q2	Q1	Total	%	Nature
1	IG	-	3	04	01	08	08%	Corruption
2	Police CID	20	8	16	03	47	47%	Fraud/ML
3	Police CT	2	2	01	-	05	05%	Terrorism Financing
4	URA	7	5	20	03	35	35%	Tax Evasion
5	ISO & CMI	-	2	01	-	03	03%	Fraud, Espionage
6	DPP	-	-	01	01	02	02%	ML & TF.
	Total	29	20	43	08	100	100%	

From the table above, it can be noted that the 3 largest disseminations were with respect of fraud, tax evasion and corruption, which, is consistent with the findings of the National ML/TF Risk Assessment carried out in 2017.

ii. Requests from and/or to Law Enforcement Agencies and other MDAs

During the fourth quarter, the FIA requested and exchanged information with the different LEAs and MDAs. The Authority sent out a total of 43 requests and received 24 requests from them.

iii. Exchange of Information with foreign FIUs.

In accordance with S.38 (b) of AMLA, 2013 (as amended), the Authority exchanged information with foreign counter-parts. FIA received and responded to 7 requests from 5 different FIUs and at the same time it sent 5 requests to 4 different FIUs. Out of the five requests sent out, it had received 3 responses and 2 were still pending as at end of the financial year. Initially, this exchange was effected through encrypted email messages. However, when FIA joins the Egmont Group of FIU's the exchange will be through the Egmont Secure Website, dedicated for this purpose.

Financial/Integrity Due Diligence.

During the last financial year 2017/18, Cabinet expanded the mandate of FIA, by directing it to support MDAs to conduct financial/Integrity due diligence on private companies intending to partner with Government to implement infrastructure development on a Public Private Partnership (PPP) framework. The intention is to mitigate against partnering with foreign investors who may be potential fraudsters. The experience gained so far by FIA from conducting due diligence shows, it is an expensive but worthwhile exercise, compared to the savings that accrue in terms of risks avoided and funds that could have been lost. In addition, the challenge of establishing the ultimate beneficial owners of some companies and the general paucity of company information in many jurisdictions, especially those designated as tax havens further complicates the process of accessing information. The table below is a summary of the number of requests from MDAs that FIA has handled during the FY 2018/19.

Table of Number of Requests received from MDAs for Due Diligence

Requesting Entity	Number of requests	Status of Requested Reports
MOFPED	08	Concluded
MOFPED	09	Ongoing, pending receipt of additional information from MOFPED and/or from other FIUs.
Office of the Prime Minister	01	Ongoing
Uganda Development Corporation	01	Ongoing
Uganda Investment Authority	01	Concluded
Ministry of Internal Affairs	01	Concluded
Total	21	

OBJECTIVE 5: International Cooperation.

International cooperation forms a bedrock for the global AML/CFT framework. The standards require unfettered exchange of information between FIUs, both upon request and spontaneously. Countries are also required to have in place effective and efficient processes for; provision and requests of mutual legal assistance; and extradition of suspected criminals.

Exchange of Information between FIA and foreign FIUs.

The Authority actively exchanged financial information with foreign FIUs. It both received requests from and submitted requests to foreign FIUs as summarized in a table on page 38 above. To deepen cooperation, FIA also signed 02 MOUs with FIU-DRC and FIU-Madagascar during the year, bringing the total number of all MOUs signed to 19. The information exchanged was through encrypted email messages. However, FIA has applied to join the Egmont Group of FIUs and its application is due to be considered during the Group's next annual plenary that is scheduled to take place in early July, 2019. Once admitted, FIA will have access and henceforth use the Egmont Secure Web system to exchange information. It should therefore be noted that law enforcement agencies and competent authorities who may want to get financial intelligence information from other jurisdictions have the option of getting it through the FIA.

Follow-up Reporting to ESAAMLG on Uganda's Mutual Evaluation.

During the year under review, FIA presented Uganda's application to ESAAMLG to have her mutual evaluation scores reviewed for re-rating (scores against the 40 Recommendations). The re-ratings were successfully achieved and Uganda's scores improved as indicated in the tables below.

Table of Summary of Ratings scored on each of the FATF Recommendations (before re-rating).

	Compliant (C)	Largely Compliant (LC)	Partially Compliant (PC)	Non-Compliant (NC)
Recommendation Number (R)	R.9, R.13, R.21, R.36	R.4	R.2, R.3, R.10, R.14, R.22, R.23, R.29, R.30, R.31, R.34, R.35, R.37, R.38, R.40	R.1, R.5, R.6, R.7, R.8, R.11, R.12, R.15, R.16, R.17, R.18, R.19, R.20, R.24, R.25, R.26, R.27, R.28, R.32, R.33, R.39
Ratings Scored	4-Cs	1-LC	14-PCs	21-NCs

Table of Summary of Ratings on each of the FATF Recommendations (after the re-rating).

	Compliant (C)	Largely Compliant (LC)	Partially Compliant (PC)	Non-Compliant (NC)
Recommendation Number (R)	R.3, R.5, R.9, R.11, R.13, R.16, R.17, R.18, R.20, R.21, R.36	R.4, R.10	R.1, R.2, R.12, R.14, R.15, R.19, R.22, R.23, R.27, R.29, R.30, R.31, R.34, R.35, R.37, R.38, R.40	R.6, R.7, R.8, R.24, R.25, R.26, , R.28, R.32, R.33, R.39
Ratings Scored	4-Cs + 7Cs = 11-Cs.	1-LC + 1LC = 2-LCs	14-PCs Plus (5-2) = 17-PCs.	21-NCs Less 11-NCs = 10-NCs.

FIA has however, continued to file follow-up reports with ESAAMLG bi-annually, reporting progress that Uganda is making to further upgrade her scores, including in the area of effectiveness, where it was rated low in all the eleven intermediate outcomes (IOs). In addition, to secure compliance with the standard pertaining to information exchange, a bill to amended Section 38 (b) of AMLA, 2013 was presented before Parliament.

It should be noted that while Uganda was exited in 2018 from the monitoring watch-list (ICRG) of FATF on account of addressing AML/CFT gaps identified during its first mutual evaluation of 2005, the progress achieved in addressing the gaps identified during the second mutual evaluation of 2016, (especially on effectiveness) are yet to be reviewed by FATF. The review is expected to be done in February 2020, and should progress be found to be wanting, then Uganda may again be placed on the watch-list.

International Meetings and Engagements

As a partner in the global effort to combat ML/TF, during the year, FIA staff participated and attended various international meetings that include;

- Consultations meeting of ESAAMLG members on combating financing of terrorism, held on 18 – 19 July, 2018 in Pretoria, South Africa.
- ESAAMLG Task Force meeting, held on 2 – 8 September, 2018 in Victoria, Seychelles.
- Egmont Group Plenary meetings, held on 24 – 28 September, 2018 in Sydney, Australia.
- FATF Plenary meetings in Paris, France from 14 -19 October, 2018.
- FATF Plenary meeting that was held in Orlando, Florida (USA) from 16th – 21st June, 2019
- ESAAMLG Taskforce meeting held in Arusha Tanzania from 7th – 12th April, 2019.

Participation in these meetings helps the Authority staff to keep abreast of emerging and new developments in the AML/CFT policy, legal and regulatory terrain. These developments guide actions with respect to the review of; guidelines to accountable persons; the AMLA and its Regulations; and the ATA with regards to combating the financing of terrorism and its regulations. In addition, attendance enhances knowledge relating to new risks, trends and methods being used by criminals in different sectors. It has also enhanced capacity and experiences of senior officers in the Authority, which has led to appointment of some of them to participate in the mutual evaluations of other countries in the region, and to Chair ESAAMLG working Groups. For example; ED, FIA was nominated and is current Chair of the Evaluation and Compliance Group.

OBJECTIVE 6: Enhancement of Efficiency and Effectiveness of FIA.

The FIA Staff matters

The staff strength at the FIA during the year increased from 22 to 39. Unfortunately, a senior staff member, Mr. James Nayinda Kayongo (RIP) – Director IT Systems Administration and Security, passed-on during the second quarter of the period under review which, reduced the staff numbers to 38. The increase is attributed to the 17 new staff who were recruited and joined the authority on 1st September 2018 bringing the staff strength from 34% to 59% of the current full-capacity organizational structure.

Table of positions filled in the Authority as at June 30, 2018.

Position	Number of staff
Executive Director	1
Deputy Executive Director	1
Director Operational Analysis	1
Director Int. Relations & Strategic Analysis	1
Manager Inspection and Compliance	1
Manager Operational Analysis	1
Manager Accounts	1
Manager Procurement	1
Manager Legal	1
Manager Int. Relations & Strategic Analysis	1
Manager Human Resource	1
Manager Internal Audit	1
Senior Inspections and Compliance Officer	1
Senior Systems & Administration	1
Personal Secretary (ED's office)	1
Law Clerk	1
International Relations and Strategic Officer	2
Compliance and Inspection Officers	4

Legal Officers	2
Operational Analysis Officers	5
IT Officers	3
Accountant	1
Drivers	3
Receptionist	1
General Assistant	1
Total number of FIA staff	38

To achieve operational efficiency in implementation of its activities staff of the Authority regularly held the following meetings; Quarterly Budget and Finance Committee; Monthly Staff meetings; Fortnightly top management meetings; Weekly Transactions Committee meetings; and Procurement Contract Committee meetings. In addition, staff participated in various meetings that contribute to strong partnerships with AML/CFT stakeholders and overall achievement of the national NDP2 goals. Some of these meetings included; Uganda AML/CFT task force; Joint anti-terrorism task force; GoAML implementation task force; Heads of institutions of the anti-corruption leadership; Accountability Sector Working Group; and meetings held with various accountable persons.

Staff Training and Capacity Development

As part of capacity development, various staff members participated in training on different areas of the Authority's operations organized both within and out of the country, through workshops and seminars, with priority given to newly recruited staff. Three staff registered for AML/CFT professional certification and the rest were urged to follow-suit in the coming year.

Training held within the country. The trainings undertaken within the country include;

- Training Workshop on "Leadership", held on 26th-28th November, 2018.
- Workshop on "Tactical/Operational Analysis", held on 26th-28th November, 2018.
- Workshop on "AML/CFT training of trainers", for participants in the Greater Horn of Africa, held on 30th – 31st October, 2018.
- Training Workshop on "Financial Profiling and Asset Recovery Training", held on 2-3 October, 2018.
- Training Workshop on protecting Wildlife organized in partnership with UNODC and held on 6th – 8th November 2018.
- Training on Drug and Crimes, organized by UNODC and held on 18 - 20 February, 2019.
- Training on Anti-Money Laundering and Asset Recovery, held on 2 – 3 April, 2019.

Training held outside the country. The trainings undertaken out of the country include;

- A training course on Strategic Analysis was held on 24 - 27 July, 2018 in Windhoek, FIC-Namibia. It was attended by one officer.
- A training course on Cyber Security and Forensic Investigation, held on 10 – 21 September, 2018 in Arusha, Tanzania. It was attended by one officer.
- Training on, AML current trends, prosecutions and challenges/risks of cryptocurrencies, held on 28 January – 06 February, 2019 at the African Tax Crime Academy in Nairobi, Kenya. It was attended by two officers.
- A training course on Anti-Money Laundering Strategies, held on 11-25 February, 2019 at the African Training Institute in Pretoria, South Africa. It was attended by two officers.
- A training course for Advanced Fraud Examiners held on 4 – 16, March, 2019 at ESAMI Headquarters in Arusha, Tanzania. It was attended by two officers.
- A training course in Activity Based Budgeting in Public Sector Management, held on 18 – 29, March 2019 at ESAMI-Eswatini. It was attended by one officer.
- A training course on Cybercrime & Forensic Investigations, held on 1 – 18 April, 2019 in ESAMI – Arusha. It was attended by two officers.
- A training course on Strategic Human Resource Planning, held on 29 April – 10 May, 2019 in ESAMI, Arusha. It was attended by one officer.
- A training course on Governance & Public Sector Management (Proactive Management), held on 20 April – 17 May, 2019 in ESAMI, Arusha. It was attended by two officers.

IT Security:

Maintenance of a robust IT system is a key ingredient of achieving efficiency in operations. During the year, FIA continued to enhance its IT security through the following;

- ✓ Procurement and installation of secure CISCO WiFi devices to allow for seamless wireless connection within every area of the office on secure channels.
- ✓ A comprehensive IT security assessment including network penetration test and security configuration reviews of the systems and networks was undertaken. A detailed report with recommendations was prepared and is guiding the Authority in enhancing its IT security.
- ✓ Provision of IT support and training of end users on IT security matters was undertaken, including installation of end-point security on laptops, desktops and servers to ensure that data loss due to malware, viruses, worms, Trojan horses and other attacks is prevented. In addition, standard tools were deployed to ensure security of the IT network including switches, routers and the firewalls.
- ✓ Network segmentation and segregation of traffic according to the specific requirements at the different user departments was undertaken.

- ✓ Regular preventive maintenance services were carried out on all laptops, computers, servers, printers, shredders, switches and routers to ensure optimum performance of these devices.
- ✓ Memory upgrades were installed on all laptops and servers to ensure increased processing speed due to increasing resource requirements.
- ✓ Automatic IP addressing was introduced in the IT network using the Dynamics Host Configuration Protocol (DHCP) and port labelling was done to improve on the effectiveness of maintaining and servicing hardware infrastructure.
- ✓ Installed and configured a Unified Messaging and Collaboration Systems (UMCS) for both Emails and user interactions on the LAN that is being implemented by NITA-U on a pilot phase for all MDAs.
- ✓ With guidance and support of NITA-U, designed the specifications for setting up an offsite data centre for disaster recovery.

Financial Performance

During the FY 2018/19, out of the Authority's approved budget of UGX.12, 499,573,635=, a total of UGX.12,443,873,635= (or 99.6%) was released, of which, UGX. 12,237,878,222= (or 97.90%) was spent. The balance 2.10% of the funds released, which is the difference between budget appropriation and releases was returned to the consolidated fund. This was composed of; the shortfall not released for development budget and UGX. 205, 994,000, meant for the new recruited staff who reported in the month of September, 2018. A summary of the budget performance is summarized in the table below.

A Table Summarizing Budget Performance for FY 2018/2019

	Budget	Q1 Release	Q2 Release	Q3 Release	Q4 Release	Total Payments	Unspent balances
Statutory wage	3,477,400,000	869,350,000	869,350,000	869,350,000	869,350,000	3,271,406,000	205,994,000
Gratuity	695,280,000	173,820,000	173,820,000	173,820,000	173,820,000	695,280,000	Nil
Non-Wage	7,651,834,460	3,925,917,230	1,398,200,000	1,294,517,230	1,033,200,000	7,651,834,460	Nil
Devlpt	465,000,000	242,200,000	208,875,000	Nil	13,925,000	409,298,587	1413
Arrears	210,059,175	210,059,175	Nil	Nil	Nil	210,059,175	Nil
Total	12,499,573,635	5,421,346,405	2,650,245,000	2,337,687,230	2,090,295,000	12,237,878,222	205,995,413
	As % of total releases	43.57%	21.30%	18.79%	16.79%	97.90%	

Challenges and Constraints

During the financial year under review, the Authority faced some challenges and constraints that include;

- i. Transitioning from manual to electronic reporting of STRs and LCTRs was being affected and slowed down by the limited technical preparedness as well as inadequate IT infrastructure that some banks have. This scenario is envisaged to be worse with regards to other accountable persons and therefore likely to delay the rolling-out of the system to them
- ii. The continued use of manual processes alongside electronic ones by the Authority, arising from the above, impacted negatively on the operational efficiency of the Authority.
- iii. Technical support from United Nations Office on Drug and Crimes (UNODC) in Vienna, the vendor of goAML software was not forthcoming as and when required by the Authority. It is hoped that the transfer of the co-ordination office for these services to UN Headquarters in New York, expected to be done by December, 2019 will improve the delivery of technical support.
- iv. As was the case last FY, the delays and in a few cases outright difficulty in obtaining requested information from some foreign FIUs was experienced. This was mainly because FIA is yet to join the Egmont Group of FIUs and henceforth qualify to access the use of Egmont's Secure Website for expeditious exchange of information.
- v. Inadequate training and awareness of AML/CFT obligations by a large number of accountable persons, particularly among the Designated Non-Financial Businesses and Professions (DNFBPs) which, is especially more serious in the context of non-regulated sectors like the real estates which, is considered the most vulnerable to money launderers.
- vi. Inadequate training for staff of law enforcement agencies and competent authorities, including Judicial Officers on financial investigations, and money laundering investigations in general, which explains why they tend to concentrate only on predicate offences. This challenge is exacerbated by frequent transfers of a few trained officers to other assignments not related to AML/CFT and hence ultimately contributing to low prosecutions and convictions on ML/TF related cases.
- vii. While the process of establishing an AML/CFT regulatory framework for the real estate sector has been initiated, the process is very slow.
- viii. A large volume of financial transactions are undertaken in cash and the prevalence of a large informal sector, means that since they do not go through the formal financial system, they are not reported to the Authority. As a result criminals tend to prefer transacting informally (e.g. in illegal gold deals).
- ix. The emergence of new and potentially serious ML/TF threats and vulnerabilities occasioned by innovations in blockchain technology that has enabled the creation of new products, like virtual assets and cross-border payment platforms that are not yet regulated in many jurisdictions.
- x. Low implementation of declarations of currency and bearer negotiable instruments in the border entry points, due to inadequate financial and human resources, as was reported last year.

Priorities for the FY 2018/2019.

The key priorities that the Authority intends to implement in the next financial year include;

- i. Prepare in liaison with all stakeholders, an updated national AML/CFT Policy. The current version prepared in 2002 is outdated and did not incorporate CFT.
- ii. Conduct an assessment of the status of implementation of the current 2017/18 – 2019/20 Strategic Plan and prepare the 2020/21 – 2024/25 Strategic Plan.
- iii. Undertake and deepen public awareness on AML/CFT matters. Prepare a strategy to enhance FIA's visibility.
- iv. Undertake more training and outreach to accountable persons, with emphasis on DNFBPs and non-regulated sectors.
- v. Support the Ministry of Lands, Housing and Urban Development to establish a framework for the AML/CFT regulation of the sector.
- vi. Prepare a risk-based inspection manual and increase the number of on-site inspections.
- vii. Prepare and implement a phased roll-out of the goAML system to non-bank financial institutions and selected DNFBPs.
- viii. Update the Uganda Follow-up Report and request for more re-ratings from ESAAMLG.
- ix. Deepen capacity building of staff and ensure that more acquire professional AML/CFT accreditation.

Statements of Accounts for the FY ended 30 June, 2019.

Statement of Financial Performance

[Based on classification of expenditures by nature]

	Note	Actual 30 June 2019 (Shs)	Actual 30 June 2018 (Shs)
OPERATING REVENUE			
Revenue			
Taxes	2	000	000
External Grants Received	3	000	000
Transfers received from the Consolidated Fund	4	12,236,534,222	8,599,943,778
Transfers from the Contingencies Fund	5	000	000
Transfers received from Other Government units	6	000	000
Non – Tax revenue	7	13,500,000	500,000
Total operating revenue		12,250,034,222	8,600,443,778
OPERATING EXPENSES			
Employee costs	8	4,751,220,459	3,909,200,000
Goods and services consumed	9	6,976,438,586	4,225,743,778
Consumption of property, plant & equipment	10	409,298,587	465,000,000
Subsidies	11	000	000
Transfers to other Organizations	12	000	000
Social benefits	13	000	000
Other operating expenses	14	000	000
Total operating expenses		12,136,957,632	8,599,943,778
Excess of revenue over expenditure from operating activities		113,076,590	500,000
Foreign exchange loss (Gain)	15		
Finance costs	16		
Transfers to Treasury	17	(13,500,000)	(500,000)
Excess of Revenue over expenditure for the year		99,576,590	000



Accounting Officer: Sydney Asubo

Statement of Financial Position

	Notes	30 June 2019 (Shs)	30 June 2018 (Shs)
ASSETS			
Cash and cash equivalents	18	0	0
Receivables	19	72,000	0
Inventories	20	0	0
Investments	21	0	0
Non Produced Assets	22	0	0
Total Assets		72,000	0
LIABILITIES			
Borrowings	23	0	0
Payables	24	110,554,585	215,837,175
Pension Liability	25	0	0
Total Liabilities		0	0
Net assets (liabilities)		0	215,837,175
REPRESENTED BY:-			
Net Worth		(110,482,585)	(110,482,585)

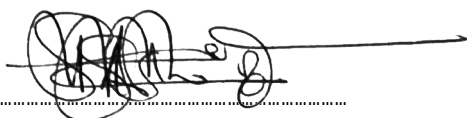
Statement of Changes in Equity (Net Worth)

	Schedule	30 June 2019 (Shs)	30 June 2018 (Shs)
At 1 July - Net worth Last Year (B/F)		(215,837,175)	(215,837,175)
Less: Transfers to the UCF account (Previous Year Balances)		0	0
+/- Adjustments (<i>Cash and cash equivalents</i>)		5,778,000	0
Payables adjustments (<i>See statement of outstanding commitments</i>)		0	0
Adjustments in the receivables		0	0
Revaluation reserve		0	0
Add: Excess of revenue over expenditure for the Year		99,576,590	0
Closing Net Financial Worth		(110,482,585)	(215,837,175)

Cash flow Statement for the year ended [Direct Method]

	30 June 2019 (Shs)	30 June 2018 (Shs)
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue from Operating activities		
Taxes	000	000
External Grants Received	000	000
Transfers received from the Consolidated Fund	12,236,534,222	8,599,943,778
Transfers from the Contingencies Fund	000	000
Transfers received from Other Government units	000	000
Non – Tax revenue	13,500,000	500,000
Deposits received	000	000
Advances recovered		
Less Transfer to Treasury (Balances and NTR)	(13,500,000)	500,000
Total Operating revenue	12,236,534,222	8,599,943,778
PAYMENTS FOR OPERATING EXPENSES:		
Employee costs	4,751,220,459	3,909,200,000
Goods and services consumed	6,865,884,001	4,225,743,778
Subsidies	000	000
Transfers to Other Organisations	000	000
Social benefits	000	000
Other expenses	000	000
Foreign exchange loss/(gain)	000	000
Net Advances paid	72,000	000
Domestic arrears paid during the year	210,059,175	000
Pension Arrears paid during the Year	000	000
Losses of cash	000	000
Letters of Credit receivable	000	000
Total payments for operating activities	11,827,235,635	8,134,943,778
Net cash inflows/(outflows) from operating activities	409,298,587	465,000,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	409,298,587	465,000,000
Purchase of non-produced assets		
Proceeds from sale of property, plant and equipment	000	000
Purchase of investments	000	000
Proceeds from sale of investments	000	000

Net cash inflows/(outflows) from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from external borrowings	000	000
Repayments of external borrowings	000	000
Proceeds from other domestic borrowings	000	000
Repayments of other domestic borrowings	000	000
Net cash flows from financing activities	000	000
Net increase (decrease) in cash and cash equivalents	000	000



Accounting Officer: Sydney Asubo

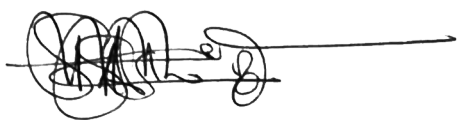
Cash flow Statement for the year ended (continued)

Reconciliation of movement of cash during the year

	Notes	30 June 2019 (Shs)	30 June 2018 (Shs)
At the beginning of the year		000	000
Less: Transfers to the UCF account (Previous Year Balances)		000	000
Add/ (Less): Adjustments to the opening balance		000	000
Add/ (Less) : Adjustments in cash and cash equivalents		000	000
Net increase (decrease) of cash from the <u>Cash flow Statement</u>		000	000
At the end of the year		000	000

For purposes of the cash flow statement, cash and cash equivalents comprise

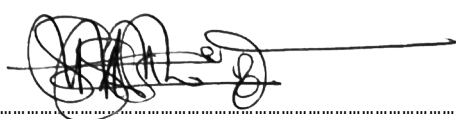
		30 June 2019 (Shs)	30 June 2018 (Shs)
Cash and bank balances	18	000	000
Cash and bank balances		000	000



Accounting Officer: Sydney Asubo

Statement of Appropriation Account [Based On Services Voted]

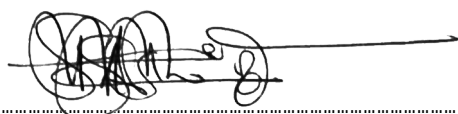
	Initial Approved Budget 30 June 2019 (Shs) (a)	Revised Approved Budget 30 June 2019 (Shs) (b)	Warrants 30 June 2019 (Shs) (c)	Actual 30 June 2019 (Shs) (d)	Variance 30 June 2019 (Shs) (b-d)
RECEIPTS					
Taxes					
Non – Tax revenue				13,500,000	(13,500,000)
Transfers received from the Consolidated Fund	12,925,469,984	12,709,632,809	12,443,873,635	12,236,534,222	473,098,587
Transfers from the Contingencies Fund	000	000	000	000	000
Grants Received	000	000	000	000	000
Transfers received from Other Government units	000	000	000	000	000
	000	000	000	000	000
Total receipts	12,925,469,984	12,709,632,809	12,443,873,635	12,250,034,222	459,598,587
EXPENDITURE- by services as per appropriation					
Headquarters	8,394,632,809	8,394,632,809	8,184,573,634	7,977,163,634	417,469,175
Legal, Inspection, and Compliance	380,000,000	380,000,000	380,000,000	380,000,000	000
Operational Analysis	2,050,000,000	2,050,000,000	2,050,000,001	2,050,000,001	-1
Information systems Admin and Security	450,000,000	450,000,000	450,000,000	450,000,000	000
International Relations and strategic Analysis	870,000,000	870,000,000	870,000,000	870,000,000	000
Internal Audit	100,000,000	100,000,000	100,000,000	100,000,000	000
Development Expenditure	465,000,000	465,000,000	409,300,000	409,298,587	55,701,413
	000	000	000	000	000
	000	000	000	000	000
Total Expenditure	12,709,632,809	12,709,632,809	12,443,873,635	12,236,462,222	473,170,587
Net Receipts/ Payments				13,572,000	(13,572,000)



Accounting Officer: Sydney Asubo

Statement of Appropriation Account [based on nature of expenditure]


	Initial Approved Budget 30 June 2019 (Shs) (a)	Revised Approved Budget 30 June 2019 (Shs) (b)	Warrants 30 June 2019 (Shs) (c)	Actual 30 June 2019 (Shs) (d)	Variance 30 June 2019 (Shs) (b-d)
RECEIPTS					
Taxes					
Non – Tax revenue		000		13,500,000	(13,500,000)
Transfers received from the Consolidated Fund	12,925,469,984	12,709,632,809	12,443,873,635	12,236,534,222	473,098,588
Transfers from the Contingencies Fund	000	000	000	000	000
Grants Received	000	000	000	000	000
Transfers received from Other Government units	000	000	000	000	000
Total receipts	12,925,469,984	12,709,632,809	12,443,873,635	12,250,034,222	459,598,587
EXPENDITURE-by nature of expenditure					
Employee costs	4,957,214,459	4,957,214,459	4,957,214,459	4,751,220,459	205,994,000
Goods and services consumed	6,867,300,000	6,867,300,000	6,867,300,001	6,865,884,001	1,415,999
Consumption of property, plant & equipment	465,000,000	465,000,000	409,300,000	409,298,587	55,701,413
Subsidies	000	000	000	000	000
Transfers to other Organisations	000	000	000	000	000
Social benefits	00	00	00	000	000
Other expenses	000	000	000	000	000
Domestic arrears paid	420,118,350	420,118,350	210,059,175	210,059,175	210,059,175
Finance costs	000	000		000	000
Total expenditure	12,709,632,809	12,709,632,809	12,443,873,635	12,236,462,222	473,170,587
Net Receipts/Payments				13,572,000	(13,572,000)



Accounting Officer Sydney Asubo

Reconciliation between total expenditure per Appropriation Accounts and per Statement of Financial Performance

	Actual 30 June 2019 (Shs)	Actual 30 June 2018 (Shs)
Total expenditure per Appropriation Account	12,236,462,222	8,599,943,778
Add:		
Letters of credit receivable prior year but delivered during the year	000	000
Accrued expenses	110,554,585	000
	000	000
	000	000
	000	000
	000	000
Less:	000	000
Letters of credit receivable at year-end	000	000
Domestic Arrears paid	210,059,175	000
	000	000
	000	000
	000	000
	000	000
	000	000
Total Expenditure per Statement of Financial Performance	12,136,957,632	8,599,943,778



Accounting Officer: Sydney Asubo

NOTES TO THE FINANCIAL STATEMENTS

Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Uganda in preparing and presenting the financial statements. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied in all material aspects unless otherwise stated.

1) General Information

As required by Section 51(1) of the Public Finance Management Act, 2015, each vote shall prepare annual financial statements for audit, and submit a copy to the Accountant General.

2) Reporting Entity

Financial Intelligence Authority is a reporting entity of the Government of the Republic of Uganda and is domiciled in Uganda.

The principal address of the entity is:

- a) *Rwenzori Towers (wing B)*
4TH Floor, Plot 6 Nakasero Road,
Kampala Uganda
P.O Box 9853, Kampala.

3) The Consolidated Fund

The Consolidated Fund as established by the Article 153 of the Constitution of the Republic of Uganda. As provided by Section 30 of the Public Finance Management Act, 2015 (the Act), it is the Fund into which all revenues or other money raised or received for the purpose of the Government shall be paid. Except for receivables into another public fund established for a special purpose (for example the Petroleum Fund) where this is authorized by an Act of Parliament, or where a vote, state enterprise or public corporation shall retain revenue collected or received as authorized through an appropriation by Parliament or is a monetary grant exempted under Section 44 of the ACT.

Withdrawals from the Consolidated Fund shall only be done upon the authority of a warrant of expenditure issued by the Minister of Finance to the Accountant General after a grant of credit has been issued to the Minister by the Auditor General in the first instance. The withdrawal can be effected only when: (a) the expenditure has been authorized by an Appropriation Act or a Supplementary Appropriation Act; (b) is a statutory expenditure; (c) for repaying money received in error by the Consolidated Fund; (d) and for paying sums required for an advance, refund, rebate or drawback that are provided for in this and other Act of Parliament.

4) The Contingencies Fund

Established by Section 26 of the Public Finance Management Act, 2015, which in every financial year, shall be replenished with an amount 0.5% of the appropriated annual budget of the Government of the previous financial year without consideration of any supplementary budget. The Fund shall provide funding for natural disasters.

5) Classified expenditures

Classified expenditures are included under supply of goods and services in the Statement of Financial Performance, and are audited separately. The money appropriated for classified expenditure shall only be used for defense and national security purposes. A committee of Parliament comprising the chairpersons of the committees responsible for budget; defense and internal affairs; and another member appointed by the Speaker will be responsible for scrutiny of classified expenditure budget.

6) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the requirements of the Public Finance Management Act, 2015 [the Act] and comply with generally accepted accounting principles. The Financial Statements have consistently been prepared using the modified cash basis of accounting except where stated otherwise. The modified cash basis of accounting recognizes revenue when cash is received and expenses (except for expenses approved to be accrued) when incurred but within the approved budget.

7) Going concern consideration

The financial statements have been prepared on a going concern basis.

8) Presentation currency

The reporting and presentation currency is the Uganda Shilling (Shs), which is the functional currency of the Republic of Uganda. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

9) Reporting Period

The reporting period for these financial statements is from 1 July 2018..... to the next 30 June 2019..... Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format in the current year's financial statements.

10) Appropriation

The initial approved budget is the original forecast as presented and approved by Parliament. A revised budget is the initial approved budget adjusted by a supplementary or reallocations/ virements.

11) Revenue

Revenue represents cash and grants in kind received by the entity during the financial year and comprise; taxes, transfers from the Consolidated Fund, transfers from the Contingency Fund, grants received and non-tax revenue. Revenues are recognized as follows;

i) **Tax revenues**

Tax revenue is recognized when received. Taxes are levied with the authority of Parliament subject to Article 152 of the Constitution of the Republic of Uganda. Payment of tax does not necessarily result into an entitlement to the taxpayer to receive equivalent value of services or benefits.

ii) **Grants**

Grants are received by the entity either as cash or in-kind. All grants (aid assistance) are recognized as income when received. In-kind receipts (donations) are recognized at fair value.

iii) **Transfers received**

Transfers received include; transfers received from the Consolidated Fund, transfers received from the Contingency Fund and transfers received from other government units. All transfers are recognized when received by the Accounting Officers.

iv) **Non-Tax Revenue**

Non-Tax Revenue includes: interest/gains associated from ownership of shares, proceeds from hire of assets, sale of designated goods and services, and fines/penalties. Non-Tax Revenue, whether directly collected by the entity or collected by another entity on its behalf is recognized when received.

12) Expenses

Generally, expenditure is recognized when it is incurred and settled within the financial year. Qualifying unsettled expenditure is recognized in the Statement of Financial position as payables.

13) Property, Plant and Equipment (physical assets or fixed assets)

Property, plant and equipment (PPE) principally comprises buildings, dams, roads and highways, hydropower stations, plant, vehicles, equipment, and any other infrastructure assets but does not include land and regenerative natural resources such as forests and mineral resources.

Acquisitions of PPE are recorded in the asset register on receipt of the item at cost and expensed fully through the Statement of Financial Performance. Cost of the item is defined as the total cost of acquisition. Where the cost of the PPE cannot be determined accurately, the PPE is stated at fair value. Subsequent repairs and maintenance costs of PPE are also expensed as goods and services consumed in the Statement of Financial Performance.

Proceeds from disposal of property, plant and equipment are recognized as non-tax revenue in the period in which it is received.

14) Translation of transactions in foreign currency

Foreign currency transactions are translated into Uganda Shillings using the exchange rates prevailing at the dates of the transactions (spot rates). These result into realized gains/losses which are recognized in the Statement of Financial Performance. Foreign currency assets and liabilities held by the entity at year-end are translated into Uganda Shillings using the period closing rate for reporting purposes resulting into unrealized gains/losses. The unrealized gains/losses are recognized in the statement of changes in Equity through the revaluation reserve.

15) Revaluation Gains/Losses

Unrealized gains or losses arising from changes in the value of investments, marketable securities held for investment purposes, and from changes in the values of property, plant and equipment are not recognized in the financial statements.

16) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. In the statement of financial position bank overdrafts are included in borrowings.

17) Unspent cash balances

In accordance with the requirement of the Public Finance Management Act, 2015, unspent cash balances by Government entities at the end of the financial year are returned through the Single Treasury Account to the Consolidated Fund in the course of the financial year.

Escrow Account balances are to be recognized in the Financial Position of the responsible entity and expensed through the Financial Performance in the period when funds are utilized.

18) Receivables**(i) Advances and other receivables**

Receivables are carried at historical cost and are written down by recovered receipts or write –off of unrecoverable amounts (bad debts are written-off with the approval of Parliament, when identified in the Statement of Changes in Equity).

19) (ii) Letters of credit

Procurement of goods and services through letters of credit which are cash covered are recognized in the statement of appropriation when the letter of credit is opened. Outstanding letters of credit at period-end are treated as receivable and expensed through the Statement of Financial Performance in the period when the goods and services are delivered.

20) Inventories

Comprise consumable supplies expensed in the period when acquired. Inventories that qualify for recognition must be initially reflected at cost. Where they are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

21) Investment properties

Investment property principally comprises land, office, commercial and residential buildings, and other physical assets, which is held for long-term rental income and is not occupied internally. Investment property is treated as a long-term investment and is carried at cost.

22) Investments

Investments are classified into three groupings, namely: **investments held for trading; investments held-to-maturity; and investments available-for-sale.**

Investments that are acquired principally for the purposes of generating profit from short-term fluctuations in price are classified as "trading investments", and are, therefore, current assets and are treated as monetary assets.

Investments with fixed maturities and there is an intention and ability to hold them to maturity dates are classified as **"Investments held-to-maturity"**, and are, therefore, non-current assets, and are treated as non-monetary assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as **"investments available-for-sale"**, and are therefore non-current assets and regarded as non-monetary assets. However, if there is an expressed intention to sell these within 12 months, then these are treated as current assets and are monetary assets.

Appropriate classification of investments at the time of purchase and re-evaluation of such designation are carried out on a regular basis but any resulting reclassifications are rare and cannot be made from "trading investments" to "investments held to maturity"

All investments in the balance sheet are carried at historical cost. Non-financial assets are measured at net worth. For investments quoted in foreign currency, the historical cost is translated at the closing rate.

23) Projects expenditure

Government projects are a series of undertakings of a reporting entity with specific objectives and a defined time frame and could be either: (a) fully funded by a Government; (b) jointly funded by Government and a development partner; (c) fully funded by a development partner through either budget support or project support; and (d) fully funded by development partner through provision of physical items rather than funds.

Fully or partly Government funded project expenditure is recognized in the statement of financial performance of the reporting entity to the extent of funding received from Government.

24) Borrowings

Borrowings are initially recorded in the Statement of Financial Position [the balance sheet] at cost net of any transaction costs paid.

Interest expense and any other expense on borrowings are recognized in the Statement of Financial Performance when they fall due.

25) Employee benefits

Employee benefits include salaries, and other related-employment costs. Employee benefits are recognized when incurred. No provision is made for accrued leave or reimbursable duty allowances.

26) Contingent liabilities

Contingent liabilities are disclosed in a memorandum statement (Statement of Outstanding Commitments) of the entity when it's probable that an outflow of economic benefits or service potential will flow from the entity or when an outflow of economic benefits or service potential is probable but cannot be measured reliably. Contingent liabilities comprise government guarantees issued, court awards that have been appealed by the Attorney General, those arising from Public Private Partnerships (PPPs) etc. Contingent assets are neither recognized nor disclosed.

27) Commitments

Commitments include operating and capital commitments arising from non-cancelable contractual or statutory obligations. Interest commitments on loans and commitments relating to employment contracts are not included in the Statement of Outstanding Commitments. Outstanding commitments relating to non-cancelable contractual or statutory obligation where goods have been delivered or service provided are included in the statement of financial position as payables and in the Statement of Outstanding Commitments to the extent of the appropriation.

28) Public Private Partnerships

Any investment by the Government in a Public Private Partnership may be through a joint venture or as an associate or as a major shareholder. Except for the latter, these are accounted for as investments whether held for trading purposes or otherwise. The financial statements in that case are consolidated as if the other entity is a controlled entity in accordance with IPSAS 38.

In other instances where the Government provides certain guarantees which could crystalize and result into an outflow of resources, the guarantees are quantified and disclosed in the memorandum Statement of Contingent Liabilities. The amounts disclosed as part of contingent liabilities represent the most likely outflow of resources should certain events crystalize which are assessed annually. If the events crystalize, the amounts become payables through the Statement of Financial Performance and Statement of Financial Position on an accrual basis

Other Notes to the Financial Statements

Note 1: Exchange Rates

All monetary amounts in the financial statements are expressed in Uganda Shillings, the functional currency. The Uganda Shilling closing rates (the Bank of Uganda middle rate) for major currencies were:

	30 June 2019	30 June 2018
United States Dollar		
British Pound		
Euro		

Note 2: Tax Revenues

Tax revenues comprise both direct and indirect taxes levied and collected on behalf of Government.

	30 June 2019 (Shs)	30 June 2018 (Shs)
Local Services Tax		
Land fees		
Business Licenses		
Other tax revenues		
Total taxation revenues		

Note 3: External Grants received

	30 June 2019 (Shs)	30 June 2018 (Shs)
Grants from foreign governments		
Grants from International Organizations		
Total Grants		

Note 4: Transfers Received From the Treasury – Consolidated Fund

	30 June 2019 (Shs)	30 June 2018 (Shs)
Transfers from the treasury- current	11,827,235,635	8,134,943,778
Transfers from the treasury- capital	409,298,587	465,000,000
Total Transfers	12,236,534,222	8,599,943,778

Note 5: Transfers Received From the Treasury- Contingencies Fund

	30 June 2019 (Shs)	30 June 2018 (Shs)
Response to natural crisis – location A		
Response to natural crisis- location B		
Total Transfers for the Year		

Note 6: Transfers received from Other Government Units

Comprise funds appropriated under one vote but transferred to another vote for execution of the intended activities. For instance road maintenance funds, grants recognised by treasury but transferred to other executing MALGS, etc

	30 June 2019 (Shs)	30 June 2018 (Shs)
Transfers received from other Gov't Units- Current (Name of the Government unit)		
Transfers received from other Gov't units- Capital (Name of the Government unit)		
Total		

Note 7: Non-Tax Revenues

Comprise non-tax revenues from exchange transactions collected during the year were as follows

	30 June 2019 (Shs)	30 June 2018 (Shs)
Investment income	000	000
Dividends	000	000
Rent	000	000
Other property income (disposal of assets)	000	000
Sale of goods and services	13,500,000	500,000
Administrative fees and licenses	000	000
Court fines and Penalties	000	000
Other fines and Penalties	000	000
Miscellaneous Revenue	000	000
Total Non-Tax Revenue	13,500,000	500,000

Note 8: Employee Costs

Employee costs principally comprise:

	30 June 2019 (Shs)	30 June 2018 (Shs)
Wages and salaries	3,708,300,459	3,004,880,000
Social contributions	347,640,000	252,840,000
Other employment costs	695,280,000	651,480,000
Total employee costs.	4,751,220,459	3,909,200,000

Note 9: Goods and Services

Expenditure on goods and services during the year principally comprise the following:

	30 June 2019 (Shs)	30 June 2018 (Shs)
General expenses	2,827,204,000	1,480,691,833
Communications	40,000,000	350,201,400
Utility and property expenses	1,105,114,585	1,010,000,000
Supplies and services	1,816,000,001	600,000,000
Professional services	375,000,000	000
Insurances and licenses	182,400,000	182,420,000
Travel and transport	580,720,000	577,430,990
Maintenance	50,000,000	24,999,555
Inventories (goods purchased for resale)	000	000
Total cost of goods and services	6,976,438,586	4,225,743,778

Note 10: Consumption of Property, Plant and Equipment (Fixed Assets)

As explained in accounting policy (13), property, plant and equipment (physical assets) are expensed in the year of purchase i.e. they are depreciated at 100% in the year of purchase using the cash basis of accounting.

	30 June 2019 (Shs)	30 June 2018 (Shs)
Non Residential buildings	000	000
Residential buildings	000	000
Roads and bridges	000	000
Transport equipment-	000	375,000,000
Machinery and equipment	374,298,587	75,000,000
Furniture and fittings	35,000,000	15,000,000
Other fixed assets	000	000
Total value of property, plant and equipment expensed	409,298,587	465,000,000

Note 11: Subsidies

Subsidies paid during the year are summarized as below:

	Actuals 30 June 2019 (Shs)	Actuals 30 June 2018 (Shs)
To public corporations		
To private enterprises		
To private individuals		
Total subsidies for the year		

Note 12: Transfers to Other Organisations

Transfers made during the year are summarized as below:

	Actuals 30 June 2019 (Shs)	Actuals 30 June 2018 (Shs)
Transfer to foreign Governments		
Transfers to International Organisations		
Transfers to other government units		
To resident non-government units		
Total transfers		

Note 13: Social Benefits

Social benefits paid during the year comprise:

	Actuals 30 June 2019 (Shs)	Actuals 30 June 2018 (Shs)
Pensions		
Employer Social benefits		
Total social benefits		

Note 14: Other Operating Expenses

These comprise:

	Actuals 30 June 2019 (Shs)	Actuals 30 June 2018 (Shs)
Property expenses other than interest		
Miscellaneous other expenses- current		
Miscellaneous other expenses- capital		
Total other operating expenses		

Note 15: Foreign Exchange Gains and Losses

During the year, foreign exchange losses and gains were as follows:

	30 June 2019 (Shs)	30 June 2018 (Shs)
Realized loss (gain) (SFP)		
Un/realized loss (gain) (SCE)		
Net foreign exchange (gains)/ losses		

Note 16: Finance costs

	Schedule	30th June 2018 (Shs)	30 June 2018 (Shs)
Interests on external debts (external borrowings)			
Interests on other domestic borrowings			
Total finance cost			

Note 17: Transfers to the Treasury

These comprise transfers back to the Consolidated Fund of unspent balances from the respective expenditure accounts, transfers of Non tax revenue collected, , unspent salaries, among others

	30 June 2019 (Shs)	30 June 2018 (Shs)
Non Tax revenue	13,500,000	500,000
Unspent Salary balances	000	000
Expenditure account balances	000	000
Total for the year.	13,500,000	500,000

Note 18: Cash and cash equivalents

	30 June 2019 (Shs)	30 June 2018 (Shs)
DOMESTIC		
Revenue accounts		
Expenditure accounts		
Project accounts		
Collection accounts		
Cash in transit		
Cash at hand- Imprest		
Others		
Sub-total cash and bank balances- domestic		
FOREIGN		
Revenue Accounts		
Project Accounts		
Expenditure accounts		
Collection accounts		
Cash in transit		
Cash at hand- Imprests		
Others		
Sub-total cash and bank balances- foreign		
Total cash and bank balances		

Any over drafts should be included under the respective bank accounts

Note 19: Receivables

Comprise the following receivables at the end of the year net of any provision for receivables doubtful of recovery.

	30 June 2019 (Shs)	30 June 2018 (Shs)
DOMESTIC		
Loans (short-term) -others		
Advances		
Outstanding letters of credit		
Other accounts receivable	72,000	
Total domestic receivables	72,000	
FOREIGN		
Loans (short-term) -others		
Advances		
Other accounts receivable		
Total foreign receivables		
Total receivables		
Less provisions against doubtful accounts		
Net receivables	72,000	

Note 20: Inventories

Comprise strategic stock and other inventories purchased which have not been expensed.

	30 June 2019 (Shs)	30 June 2018 (Shs)
Strategic stock-petroleum products		
Other inventories(goods purchased for re-sale)		
Total inventories		

Note 21: Investments

Comprise investments as follows:

	30 June 2019 (Shs)	30 June 2018 (Shs)
Securities other than shares (long-term)-domestic		-
Shares and other equity-domestic		
Securities other than shares-foreign		
Total investments		

Note 22: Non Produced Assets

	30 June 2019 (Shs)	30 June 2018 (Shs)
Land		
Cultivated Assets		
Other Naturally occurring Assets		
Total Non-Produced Assets		

Note 23: Borrowings

	30 June 2019 (Shs)	30 June 2018 (Shs)
DOMESTIC		
Loans from commercial banks		
Interest payable on bank loans/borrowings		
Other		
Total domestic borrowings		
FOREIGN		
Loans from commercial banks		
Interest payable on bank loans/borrowings		
Other		
Total foreign borrowings		
Total borrowings		

Note 24: Payables

These are principally accounts payables, domestic and otherwise, outstanding at the year-end and comprise:

	30 June 2019 (Shs)	30 June 2018 (Shs)
Payables		
Trade Creditors	110,554,585	5,778,000
Sundry Creditors	000	210,059,175
Committed Creditors		
Accountable advances		
Withholding tax payable		
Deposits received		
Advances from other Government units		
Miscellaneous accounts payables		
Total payables	110,554,585	215,837,175

The categorization and aging of the payables is as below;-

	Current Financial Year Shs	Previous Financial Year Shs	Other Financial Years Shs	Total Shs
Utilities				
Rent				
Contributions to International Organizations				
Court Awards & compensations				
Taxes and other deductions				
Goods and services Consumed	110,554,585			110,554,585
Non Produced Assets				
Others				
Total Payables	110,554,585			110,554,585

Note 25: Pension liabilities

Pension liabilities have been accrued in the financial statements because it is the policy of Government to pay pensions to all former employees of the Government who qualified for pension under the provisions of the Pensions Act, Cap 281. In accordance with the provisions of the Pensions Act

	30 June 2019 (Shs)	30 June 2018 (Shs).
Former employees in Public Service		
Former employees in Military Service		
Former employees of the Education Service		
Gratuity Arrears		
Total		

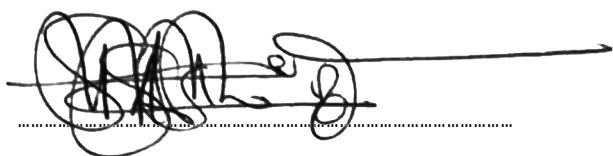
The aging of the pension liabilities is as below;-

	Incurred in the current Financial Year Shs	Incurred in the Previous Financial Year Shs	Other Financial Years Shs	Total Shs
Pensions				
Gratuity				
Total				

STATEMENT OF REVENUES COLLECTED DURING THE YEAR

[Based on source of revenue] Memorandum Statement

Actual 30 June 2018 (Shs)		Notes	Actual 30 June 2019 (Shs)	Budget 30 June 2019 (Shs)	Variance 30 June 2019 (Shs)
	RECEIPTS				
	Local Services Tax	2			
	Land fees	2			
	Business Licenses	2			
	Other tax revenues	2			
	Investment income	7			
	Dividends	7			
	Rent	7			
	Other property income (disposal of assets)	7			
	Sale of goods and services	7			
	Administrative fees and licenses	7			
	Court fines and Penalties	7			
	Other fines and Penalties	7			
	Miscellaneous Revenue	7	13,500,000	000	13,500,000
	Total Revenue		13,500,000	000	13,500,000

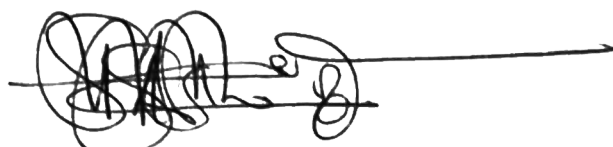


Accounting Officer: Sydney Asubo

Statement of Arrears of Revenues [Based on source of revenue]

(Memorandum Statement)

	Arrears of Revenue 30 June 2018 (Shs)	Total Revenue billed during the year (Shs)	Actual Amounts collected during the year (Shs)	Amount remitted to the UCF during the year (Shs)	Due to Consol- idated Fund (Shs).	Cumulative Arrears of Revenue at 30 June 2019 (Shs)
RECEIPTS						
Local Services Tax						
Land fees						
Business Licenses						
Other tax revenues						
Investment income						
Dividends						
Rent						
Other property income (disposal of assets)						
Sale of goods and services						
Administrative fees and licenses						
Court fines and Penalties						
Other fines and Penalties						
Miscellaneous Revenue			13,500,000	13,500,000		
Total operating revenue			13,500,000	13,500,000		

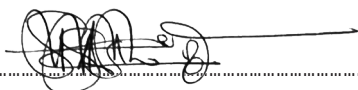


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Statement of contingent liabilities and guarantees

[Memorandum Statement]

	Schedule	30 June 2019 (Shs)	30 June 2018 (Shs)
DOMESTIC			
Legal proceedings			
Guarantees and indemnities			
Guarantees of bank overdrafts			
Guarantees under Public Private Partnerships			
Other contingent liabilities			
Total Domestic Contingencies			
FOREIGN			
Legal proceedings			
Guarantees and indemnities			
Guarantees of bank overdrafts			
Guarantees under Public Private Partnerships			
Other contingent liabilities			
Total Foreign Contingencies			
Total Contingent Liabilities			

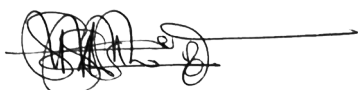


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Statement of non-quantifiable contingent liabilities

[Memorandum Statement]

Serial number	Brief description of liability, its origin, nature, the uncertainty, and period of identification	Type of liability	Any other comment/ responsibility



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Statement of Outstanding Commitments

[Commitments by nature of expenditure]

	Outstanding commitments at beginning of year 1 July 2018 (Shs)	Adjustments to the previous year's commitments (Shs)	Prior years commitments paid during the year (Shs)	New outstanding commitments incurred during the year (Shs)	Cumulative outstanding commitments 30 June 2019 (Shs)
Operating Commitments					
Employee costs					
Pensions					
Goods and services consumed	215,837,175	(5,778,000)	210,059,175	110,554,585	110,554,585
Subsidies					
Transfers to Other Organisations					
Social benefits					
Deposits Received					
Other operating expenses					
Finance cost					
Total operating commitments					
Consumption of PPE and Non produced Assets (Capital)					
Non-produced assets					
Property					
Plant					
Equipment					
Total capital commitments					
Total commitments – Payables					
Total Commitments	215,837,175	(5,778,000)	210,059,175	110,554,585	110,554,585



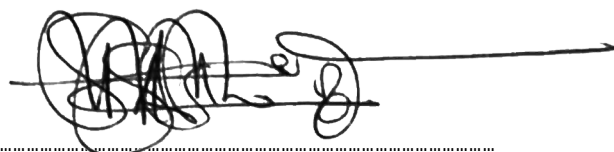
Accounting Officer: Sydney Asubo

Statement of losses of public money and stores written off, and claims abandoned during the year

Reference number of reported loss/write off/claim abandoned.		Opening Balance as at 1 July 2018 (Shs)	Losses written-off in the YR ended 30 June 2019 (Shs)	Cumulative Losses written-off as at 30 June 2019 (Shs)
	Losses of public moneys (cash and cash equivalents)			
	Total losses of cash written off			
	Losses of stores			
	Total losses of stores written off			
	Other assets			
	Property			
	Plant			
	Equipments			
	Total losses of other assets written off			
	Claims abandoned			
	Total value of claims abandoned			
	Total losses of public funds, stores and claims abandoned			

Statement of reported losses of public moneys, stores and other assets whether or not written off during the year

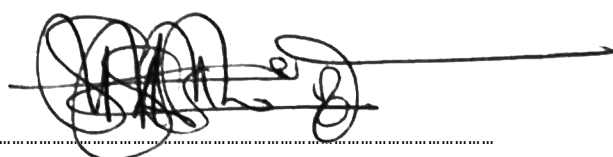
Reference number of reported loss/write off/claim abandoned.		Opening Balance as at 1 July 2018 (Shs)	Losses for the YR ended 30 June 2019 (Shs)	Cumulative Losses as at 30 June 2019 (Shs)
	Losses of public moneys reported (cash and cash equivalents)			
	Total losses of cash			
	Losses of stores reported.			
	Total losses of stores reported			
	Losses of other assets			
	Property			
	Plant			
	Equipment's			
	Total losses of other assets reported			
	Total losses of public funds, stores and other assets reported			



Accounting Officer: Sydney Asubo

Summary statement of stores and other assets (physical assets) as at the end of the year

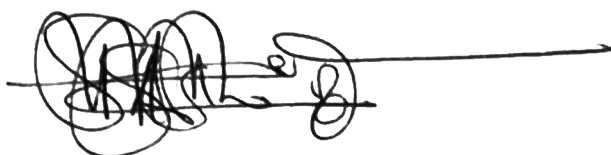
Category/ Description	Opening balance 1 July 2018 Cost (Shs)	Additions during the year ¹ 30 June 2018 Cost (Shs)	Disposals during the year 30 June 2019 cost (Shs)	Cumulative at 30 June 2019 Cost (Shs)
Land				
Non Residential buildings				
Residential buildings				
Roads and bridges				
Transport equipment	375,000,000			
Motor Vehicles				
Trailers/ Semi-trailers				
Ships and other marine vessels				
Railway locomotives				
Aircraft				
Motor cycles and Bicycles				
Other transport equipment				
Machinery and equipment		374,298,587		
Office equipment				
Medical equipment				
ICT Equipment				
Laboratory and research equipt				
Other Machinery and equipment	75,000,000			
Furniture and fittings		35,000,000		
Classified Assets				
Cultivated Assets				
Total value of physical assets acquired, disposed of and balances	465,000,000	409,298,587		



Accounting Officer: Sydney Asubo

SCHEDULE OF LETTERS OF CREDIT

Name of Supplier	LC Number	Due date	Bank	Currency	Amount (Shs)
Total					



Accounting Officer: Sydney Asubo

SCHEDULE OF PROJECT BALANCES

Project Name	End Date	Funding Source/ Agency	Balance as at 1 July 2018 (Shs)	Disbursements for the Year (Shs)	Payments for the Year (Shs)	Balance as at 30 June 2019 (Shs)
Total						

ANNEXES TO THE FINANCIAL STATEMENTS

Annex (i): Pension Payroll

	Name	Last Position held	IPPS no	Pension no.	Supplier no (IFMS)	Amount
1						
2						
3						

Annex (ii): Schedule of Inventory

	Category	Opening balance as at 1st July 2015 Cost Shs	Purchase/ Additions Cost Shs	Usage/Disposal Cost Shs	Obsolete Cost Shs	Closing balance 30 June 2019 Cost Shs
1	e.g Drug (a), Visa stickers, Passports					

Annex (iii): Trial Balance

Annex (iv): Bank Reconciliations and list of all bank accounts

Annex (V): Schedule of Verified Arrears

Annex (vi): Summary Staff Payroll

Salary scale	Number of Employees at the beginning of the year 1 st July 2018	New employees to the vote either through transfers or through recruitment	Number of employees transferred / retired/deceased	Number of Employees at the end of the year 30 th June 2019
FIA 1	1			1
FIA 2	1			1
FIA 3	3		1	2
FIA 4	8			8
FIA 5	2			2
FIA 6	1	17		18
FIA 7	1			1
FIA 8	4			4
FIA 9	1			1
Total	22			38
	22			

Annex (vi): Summary Staff Payroll

Salary scale	Number of Employees at the beginning of the year 1st July 2018	New employees to the vote either through transfers or through recruitment	Number of employees transferred / retired/ deceased	Number of Employees at the end of the year 30 June 2019
FIA 1	1			1
FIA 2	1			1
FIA 3	3		1	2
FIA 4	8			8
FIA 5	2			2
FIA 6	1	17		18
FIA 7	1			1
FIA 8	4			4
FIA 9	1			1
Total	22			38

(Footnotes)

¹ Note that additions during the year should be the summation of assets captured in note 10 and the increment in note 22

