



DFID Financial Sector Deepening Project Uganda

Final Report

An Assessment of the Capacity Gaps in the Work and Functions of
Accountants and Auditors of Ugandan SACCOs

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September 10th, 2007

Executive Summary

This report presents findings of a study commissioned by the DFID Financial Sector Deepening Uganda Project (DFID-FSDU) to assess and document the capacity gaps of accounting staff of SACCOs in Uganda; to assess and document the deficiencies in the existing accounting training materials for SACCO accountants; to determine the capacity of the existing accounting training institutions and firms; and, to assess the knowledge and use of the CGAP Audit guidelines by SACCO external auditors.

Methodology

To achieve the above objectives the consultant used a stratified random sample of 20 SACCOs from the Census of Tier 4 MFIs availed by FSDU. SACCOs were stratified by region (North, South, East and West) in rough proportionality to the distribution of SACCOs in Uganda. As per the requirements defined in the Terms of Reference, the stratification was also by size, with equal the number of SACCOs on either side of the cut off size of 750 members. Data was collected using both qualitative and quantitative techniques. Quantitative data was analyzed using SPSS software Version 10.0.

However, the sample size is small in relation to the total SACCO population of 676 and the results may not be statistically representative but indicative of what could be on the ground.

Benchmarks used to determine capacity gaps

Accounting is the process of recording, summarizing and analyzing financial data arising from business activities, to create information that is useful for decision-making by various stakeholders. Accounting systems whether manual or computerized should be complete, reliable and accurately present fair and true state of affairs of the SACCO.

Accountants should possess academic and professional qualification that enables the accounting officer to understand the accounting principles and processes. These skills and knowledge are deemed to be acquired through professional training in relevant courses and adequate experience in accounting related job.

Auditors are professionals hired to reveal an organization's operations and more specifically the financial results and express an independent opinion on whether these results presented reflect the true and fair view of the organizations performance and state of affairs. Their duty is to assure the shareholders and other stakeholders that what is presented in the financial reports reflects accurate financial status and performance of the organization. They should also highlight any material threat to the organization's existence.

Benchmarks emanating from this premise formed the standards used to gauge the competences and functions of the SACCO accountants and auditors.

Summary of Key Findings

The study has confirmed that there exist various capacity gaps within the accounting function. These gaps range from the accounting officers' lack of relevant basic skills and knowledge to lack of basic infrastructure and weaknesses in policy framework. The following are some of the key findings;

- Staffing levels (and their utilization) vary from one SACCO to another depending on their size, number of outlets, level of computerization and ability to pay their salary. This affects the extent to which segregation of duties could be applied, the effectiveness of the record keeping and reporting. 40% of the SACCOs had less than five employees, another 30% had five or six employees and the rest (30%) have more than six employees. This implies that there is a compromise on the internal controls.
- There exist skills and knowledge gaps among the accounting officers. 65% of the accounting officers have A-level education plus a diploma while 20% have University education. Skills upgrading is very low with 90% of them not taking any part-time academic training and only 30% taking professional courses in accountancy or management. Though majority of the accountants had worked elsewhere before joining their current employment, only 45% had relevant working experience in SACCOs, banks or accounting firm.
- Their ability to keep books of account, prepare and interpret financial statements was inadequate. 95% of the financial statements reviewed had errors resulting from record keeping, updating of cashbook, bank reconciliation, accuracy of financial statements, provision of support schedules or notes and in financial decision making.
- Majority SACCOs surveyed (55%) lacked essential facilities such as computers and accounting software. Where they exist, the computers are not enough or are not networked and the accounting officers lacked adequate computer skills to utilize the resources available. 55% of the accountants have no skills in any accounting package while 45% have little (poor) skills on the same. On average 70% of the accountants/managers have no skills in any SACCO software.
- Accounting systems implemented in most SACCOs are either manual (55%) or partially computerized (40%). This situation exposes the systems to numerous loopholes in accuracy and data/information control; it is tedious and susceptible to manipulation.
- The internal control systems are weak allowing errors and omissions to go on for long before they are detected. This is worsened by low staffing levels making segregation of duties difficult. As a result, it is common to find one person initiating a transaction, approving it and also making the payment.
- The management committees, by design, are expected to supervise the work of the staff but they lack the necessary technical capacity to do so.

The training and support institutions surveyed have been offering a variety of training courses with varying contents and durations. Though a lot of money has been spent on updating SACCO staff capacities to operate efficiently, there is little to show on the ground. This is because;

- The training courses designed and offered were based on what the donor or implementing institution viewed the problem was, rather than being based on a comprehensive training needs assessment (TNA). Evaluations of earlier courses offered indicate little improvement in the staff capacities¹.
- The target group for the courses offered was not clearly defined and has led to wrong pitching. Basic accounting skills consider as essential building blocks for financial analysis and interpretation was lacking.
- Lack of coordination, duplication of training efforts and competition among partner institutions has led to resource wastage with little impact on the ground. Uganda Co-operative College (UCC) has been featuring in microfinance forums as in important player in providing essential training for SACCO personnel.
- UCC has capacity that is underutilized. The college can take up to 450 students but currently has 250. This has been attributed to lack of adequate public awareness of its existence and the courses it offers. Its location away from major towns and off the main road has been a major disadvantage.

According to the Co-operative Societies Statute of 1991, registered societies should cause their books to be audited by an external auditor every year. 95% of the SACCOs visited were audited by co-operative officers and approved by the Registrar or Assistant registrars. The financial statements presented in audited accounts do not follow the professional formats and are not in line with the guidelines of the international accounting and auditing standards. However, the only SACCO that was audited by an external auditor, appear to have financial statements presented in acceptable formats and with notes attached.

Key Recommendations

The biggest challenge for partners supporting SACCOs is to implement sustainable solutions to these inherent problems. These solutions range from policy, regulation and supervision to skill/ knowledge development and attitude change by all interested parties.

a) Improving the accounting function among the SACCOs

- There is need to hire staff, especially the manager/accountant, who have the appropriate basic skills, knowledge and experience to steer the SACCO to growth and profitability. Basic qualification should be a degree or Diploma

¹ DFID/FSDU Study of impact of accounting and audit training by Acclaim Africa ltd, December 2006 and USAID's SACCO/MFI accounting and financial management training and mentoring consultancy.

(from recognized institution) in Accounting, banking and Cooperative management or other discipline but combined with professional qualifications like CPA or ACCA.

- Providing on-the-job training to a staff that does not have the basic academic and professional background cannot be a sustainable solution to the problems faced by SACCOs. On-job training can best supplement existing skills and knowledge among the staff. Where it is offered, it should target specific skill areas and attitude change.
 - There is need to standardize the Accounting operations and practices. This should include standardizing the chart of accounts, policies and procedures being used by these SACCOs.
 - The financial and portfolio reports need to be standardized for ease of comparison and interpretation. The move to standardize the SACCO PMT is a step in the right direction but the (indicators) ratios should be reduced to about 10 key ones that SACCO management could be using regularly to gauge their performance.
- b) Strengthening the accounting and audit capacity building by training and support institutions
- There is need to support and popularize the Diploma course that is being offered by Uganda Co-operative College, Kigumba. It has elaborate coverage of accounting, auditing and management aspects of co-operatives that apply to SACCOs.
 - On the job trainings for SACCO staff could be limited to areas that cannot be adequately covered in professional training like SACCO operating environment and challenges, accounting for SACCO activities, SACCO reports and reporting, software application, products, portfolio quality measurement and management, and business planning and budgeting.
- c) The role of Support institutions
- Small and upcoming SACCOs especially those in rural areas require substantial support at initial stages in such area as training, acquisition of basic facilities and helping them get started.
 - Help to develop or identify suitable SACCO software that could be used to track SACCO activities and link to the SACCO PMT. The SACCOs do not have the skill to assess software functionalities and determine which ones suit them.
- d) Strengthening the external audit function
- A selection criteria for auditors need to be set. The support institutions do not need to spend money on training external auditors on how to do their job.

e) The Government should focus on strengthening accountability in SACCOs

- Government role in the SACCO movement should remain as an enabler (creating an enabling environment for SACCOs to operate) but not a direct provider of financial services. This should include support such as increasing sponsorship of SACCO staff wishing to take up Diploma course in co-operative management, increasing co-operative officers at district level, promoting the co-operative college and expanding the training facilities to cope with the growing demand for co-operators.
- The Registrar should receive audit reports for SACCOs and enforce implementation of audit comments. The Registrar has power to register or de-register (dissolve) SACCO that do not comply with the regulation. He/she should also take action on managers/accounting officers who are defrauding SACCOs

The challenges that rural and small SACCOs are facing could be best managed both at national level with the policy framework and at grass root level by proper implementation of regulations. Such interactive approaches would ensure that all partners are involved at various levels. The support structures should be uniform across the country and among partners.

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List of Abbreviations and Acronyms

AMFIU	Association of Microfinance Institutions of Uganda
CGAP	Consultative Group to Assist the Poor
DFID	Department for International Development
FSDU	Financial Sector Deepening Uganda project
FSA	Financial Services Association
MTTI	Ministry of Trade, Tourism and Industry
MFI	Microfinance Institution
MoFPED	Ministry of Finance, Planning and Economic Development
PMT	Performance Evaluation Tool
R-SPEED	Rural Savings Promotion & Enhancement of Enterprise Development
SACCO	Savings and Credit Cooperative
SIDA	Swedish International Development Agency
SUFFICE	Support to Feasible Financial Institutions and Capacity-Building Efforts
UCA	Uganda Co-operative Alliance
UCSCU	Union of Credit and Savings Co-operatives of Uganda
WOCCU	World Council of Credit Unions

1. Introduction

1.1. Background on the Study

This report presents findings of a study commissioned by the DFID Financial Sector Deepening Uganda Project (DFID-FSDU) to assess the capacity gaps of accounting staff of SACCOs in Uganda; to assess and document the deficiencies in the existing accounting training materials for SACCO accountants; to determine the capacity of the existing accounting training materials for SACCOs accountants; and, to assess the knowledge and use of the CGAP Audit guidelines by SACCO external auditors. The report also addresses key institutional capacity building needs identified at Ugandan SACCOs, which need to be addressed besides the training and support to SACCO Accountants and Auditors.

FSDU's goal is to generate sustainable improvements in the livelihoods of poor households through reduced vulnerability to shocks, increased incomes and employment creation. Its purpose is to deepen the capacity of Uganda's financial sector to meet the financial needs of poor rural and urban households, micro, small and medium enterprises on a sustainable basis. The outcome of this study will therefore go a long way in contributing to achievement of FSDU's mission.

1.2. Scope and Methodology

1.2.1. *SACCO Sampling*

The consultant used a stratified random sample of 20 SACCOs from the Census of Tier 4 MFIs available from FSDU. SACCOs were stratified by region (North, South, East and West) in rough proportionality to the distribution of SACCOs in Uganda. As per the requirements defined by the Terms of Reference, the stratification was also by size, with equal the number of SACCOs on either side of the cut off size of 750 members. The following criteria were used:

Selection of Districts:

- a) Based on SACCO's population as per report Census of Tier 4 MFIs available from FSDU, districts with higher SACCO populations were picked. Under this criteria more districts were picked from the Southern and Western Uganda
- b) Accessibility to the district: priority was given to districts that can easily be accessed because of the time constraint, for example Gulu was picked instead of Arua.

Selection of SACCOs:

- a) SACCOs were grouped into 3 categories using size of their membership;
 - (i) Below 150 members (were considered too small to engage/ employ a meaningful accounting function)
 - (ii) Between 150-750 members
 - (iii) Over 750 members
- b) Selection of 10 SACCOs with membership of more than 750
 - (i) Not more than one SACCOs in each district apart from districts with 40 SACCOs
 - (ii) The starting SACCO was number one in the list
 - (iii) The random picking was done for every second is in the list unless in the same district.

- (iv) Where more SACCOs qualify but in the same district, all were counted as one. The next appearing in the subsequent district was picked as second.
 - (v) After the first round was completed and SACCOs were not the required number (10) then a second round was repeated but the counting continues from round one.
- c) Selection of SACCOs below 750 members
- (i) If the District had a SACCO picked in “Over 750 members category” and population of SACCO was eligible was less than 30 it did not qualify for the “Below 750 members category”
 - (ii) However counting was done but the next qualifying SACCO came from the next district in the series.
 - (iii) The starting number was four.
 - (iv) If the required number of SACCOs was not reached, the process started all over again but counting the next number. This process was repeated until all the cases were picked.

1.2.2. *Research Tools*

To facilitate in the collection of data, the consultants developed the following tools:

- a) **SACCO institutional level Tool:** A semi-structured questionnaire was used in collecting general information about the SACCO, staffing, membership and operations. It was also used as a guide to review the financial statements and shortcomings or discrepancies in financial reporting.
- b) **SACCO Accountant Tool:** A semi-structured questionnaire used in collecting information from accountants that was useful in identifying capacity gaps, training needs and how these gaps could be solved.
- c) **External Auditor’s Assessment Tool:** A semi-structured questionnaire and discussion guide used for collecting information necessary to assess auditor’s ability to audit SACCOs, guidelines that they use and to identify if there are any capacity gaps.
- d) **Training Institutions Assessment Tool:** This tool will be used to assess the suitability of the training programmes offered by the selected training institutions to SACCO accountants and auditors. This tool was be used to assess how their training curriculum equips the SACCO accountants and auditors.

1.2.3. *Data Analysis*

Data analysis involved both quantitative and qualitative techniques. Quantitative analysis involved the use of SPSS software Version 10.0. Following collection of quantitative data from the 20 SACCOs, the consultants entered the data into the SPSS template. Although the questionnaires had been pre-coded before going out into the field, further data coding was done where found necessary and cleaning was performed to eliminate ‘outliers’ in the observations. The consultant used key analytical features in the SPSS software such as descriptive statistics, frequencies, graphical analysis and cross-tabulations to draw out tabular forms for easy summarization of findings. With respect to data that was collected qualitatively through interview guides, this was summarized in tables for easy comparison and conclusion. Secondary data sources

were also employed to enrich the findings from the field study including various reports and policy documents provided by FSDU and other stakeholders on the SACCO/Microfinance sector in Uganda; further Internet searches for case studies (e.g. FSDU website); and course outlines from the various training institutions contacted.

1.3. Field Work Summary

1.3.1. SACCO Visits

SACCO visits were successful and the essential data required to make the assessment of the SACCO accountants was collected.

1.3.2. Audit Firms' Visits

The plan was to interview five audit firms excluding the big ones. A list of audit firms was obtained from the Commissioners officer but most of these firms have not been actively involved in auditing SACCO and more contacts were sought from FSDU. There were some modifications on the sample to the reality in the field in that 3 audit firms were to be talked to and 2 District Commercial (co-operative) Officers. Among the auditors picked; one visited was visited and the other two an e-mail message sent with attachment of the questionnaire. The consultants visited and discussed with 2 district co-operative commercial officers.

1.3.3. Training and Support Institutions Visited

In the course of the exercise, the consultants held discussions with Uganda Co-operative College, Uganda Co-operative Alliance and AMFIU. Training materials and programmes were obtained for the above and for Rural SPEED, SUFFICE (Capacity Building Unit) and Uganda Institute of Bankers. Further discussion was held with the Commissioner of Co-operatives.

1.4. Benchmarks Used to Determine Capacity Gaps

1.4.1. SACCO Accounting Systems

Accounting is defined as the process of recording, summarizing and analyzing financial data arising from business activities, to create information that is useful for decision-making by various stakeholders like shareholders, creditors, financiers, government and employees. Accounting systems could be manual or computerized. In either case, the system should be complete, reliable and accurately present fair and true state of affairs of the SACCO.

Therefore the ideal accounting fulfil but not limited to the following criteria; -

- Be based on double entry system and generally accepted accounting principles and concepts
- Be in line international accounting standards and SACCO regulation
- Track all financial transactions undertaken by the SACCO
- Have trace of audit trail for transaction entries

- Have various primary books or records of detail
- Have checks, counterchecks and balances to ensure that fraud, malpractice or errors do not go undetected
- Have a regular system of review of performance and status reports
- Have a feedback system where comments, improvements or corrections are done and checked
- Have some level of segregation of duties by those involved
- Have a process where internal records (books) are checked and agreed with related external sources like bank reconciliation and members savings agreed with passbooks

1.4.2. Accountant's Qualification, Work and Functions

The expectation is that in every SACCO there is an officer charged with accounting responsibilities. This officer should

- a) Possess academic and professional qualification that enables the accounting officer to understand the accounting principles and processes. Such qualifications include:
 - Degree in Accounting, Banking or Finance
 - Diploma in Accountancy, Banking or Finance (from recognized institution)
 - Uganda Diploma in Business Studies (UDBS) in accounting
 - Diploma in Co-operative Management (from UCC)
 - CPA
 - ACCA
 - Accounting Technician Certificate
- b) Have reasonable working experience in accounting work (like 2 years) that enables the accountant to relate the theory and practice.
- c) A SACCO accountant should be able to perform, among other things, the following tasks:
 - Maintaining primary books of account like cashbooks, and loan, savings and shares ledgers and fixed asset register
 - Managing cash and SACCO liquidity
 - Cash and bank reconciliations
 - Posting entries (based on double entry system)
 - Instituting internal control systems that enable the SACCO to detect errors or mistakes when they occur
 - Preparing accurate and timely financial statements
 - Measuring the quality of assets like loan portfolio,
 - Making financial decisions and guiding the SACCO on financial matters
 - Planning and budgeting
 - Analyzing variances and taking (or advising for) corrective actions
 - Facilitating internal and external audit as required
 - Ensuring compliance with statutory requirements and SACCO regulations
 - Guide the SACCO board in all financial decision making to maximize wealth for the members
 - Maintain safe custody and full accountability of SACCO assets

1.4.3. Role of Auditors

According to the Co-operative Societies Statute of 1991, registered societies should cause their books to be audited by an auditor appointed by the Annual General Meeting, the auditor to be appointed to audit a registered society should be a member of a recognized accounting body and the audit should be conducted in accordance with generally accepted professional audit standards².

Auditors are professionals hired to reveal an organization's operations and more specifically the financial results and express an independent opinion on whether these results presented reflect the true and fair view of the organizations performance and state of affairs.

Their duty is to assure the shareholders and other stakeholders that what is presented in the financial reports reflects accurate financial status and performance of the organization. They should also highlight any material threat to the organization's existence. In order to perform these tasks effectively, the auditors must among other things: -

- Be professionally qualified (certified accountants with relevant bodies)
- Registered as auditors with the Institute of Certified Public Accountants of Uganda (ICPAU)
- Have had adequate audit experience
- Have sufficient understanding of SACCOs Laws and Regulations as stipulate by the Co-operative Societies statute of 1991
- Be able to comply with international accounting standards and audit guidelines
- Be conversant with CGAP audit guidelines

The above benchmarks formed the standards we used to gauge the competences and functions of the SACCO accountants and auditors. The capacity gaps explained in chapter 2 below were judgements based on these benchmarks.

² Co-operative Societies statute of 1991, page 10

2. Key Findings

2.1. Work and Functions of SACCO Accountants

2.1.1. SACCO sizes and growth

The samples taken had 10 SACCOs with less than 750 members and the rest had more than 750 members as at the time of the Tier 4 financial institutions in 2006³. By the time of the study four SACCOs listed under 750 had increased their membership to over 750. This shows that membership in SACCOs is growing and hence the need to improve the accounting systems to ensure safety of their members funds.

2.1.2. Staffing levels

The staffing levels differed from one SACCO to another. 40% of the SACCOs have less than five employees, another 30% have five or six employees and the rest (30%) have more than six employees.

Table 2.01: Number of SACCO Members and Number of Employees

		Number of the SACCO Members					Total	Percent
		Below 250 Members	251-500 Members	501-750 Members	751-1000 Members	Above 1000 Members		
How many employees does the SACCO have?	2.00		1				1	5
	3.00	1	1		1		3	15
	4.00			2	1	1	4	20
	5.00		1		2	1	4	20
	6.00					2	2	10
	Over 6				1	5	6	30
	Total	1	3	2	5	9	20	
	Percent	5	15	10	25	45		

It was noted that the number of employees per SACCO range between 2 to 25 and out of these, 1 to 7 are at management level while 1 to 18 are at support level.

As given in the table 2.02 below, 25% of the SACCOs have between 2 and 6 branches. Three SACCOs had two branches each with 6 to 9 employees; one SACCO had four branches nine employees and the other one had 6 branches had 25 employees.

³ Tier 4 Census, FSDU report, 2006

Table 2.02: Number of SACCO Employees, Accounting system, Members and Branches

		Accounting System in Use				Number of the SACCO Members						Number of Branches			
		Manual book-keeping	Partly manual/ partly computerized	Computerized accounting	Total	< 250	251-500	501-750	751-1000	> 1000	Total	2	4	6	Total
Number of SACCO Employees	2	1			1		1				1				
	3	2	1		3	1	1		1		3				
	4	3		1	4			2	1	1	4				
	5	1	3	1	5		1		3	1	5				
	6	1	1		2					2	2	1			1
	7	1			1					1	1				
	8		1		1					1	1	1			1
	9	2			2					2	2	1	1		2
	25		1		1					1	1			1	1
Total		11	7	2	20	1	3	2	5	9	20	3	1	1	5
%		55%	35%	10%		5%	15%	10%	25%	45%		15%	5%	5%	

When compared with number loans, the only major earning asset, some SACCOs were found to be over staffed. For example, six SACCOs (30%) have four or more employees each and handle less than 250 loan accounts as shown in table 2.03 below,

Table 2.03: Number of SACCO Employees versus Number of loan accounts

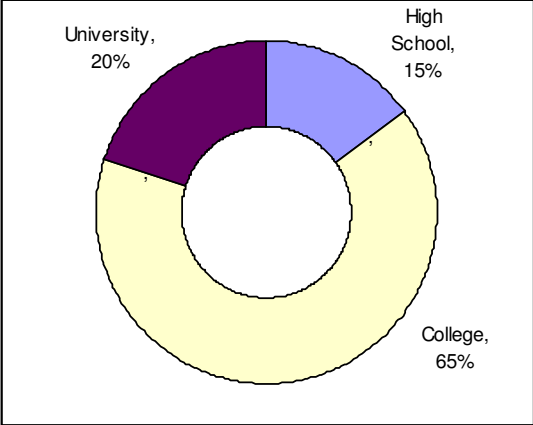
	No. of Employees	Number of loan accounts				
		Below 250	251-500	501-750	Over 751	Total
Number of SACCOs, Employees, Transactions per Month	2.00	1				1
	3.00	2	1			3
	4.00	3	1			4
	5.00	2	2			4
	6.00			1	1	2
	7.00			1		1
	8.00		1	1	1	3
	Over 9.00	1				1
	Total		9	5	3	2
Percent						

2.1.3. Academic and Professional Qualifications

Though not statistically supported in this study, various forums have expressed concern that management committees have feared to engage qualified staff for fear of them engaging in fraudulent activities or being too mobile to greener pasture. SACCOs have a challenge to afford

salaries for graduates. At times recruitment of staff is not done professionally with cases of board members hiring relatives. In the process they end up recruiting persons who do not requisite academic and professional qualification for the task ahead of them.

Figure 2.1: Level of Education (Academic)



About 15% of the accounting officers have attained A-level education only, 65% have A-level education plus additional training from a tertiary college, and 20% have University education as shown by Figure 2.1.

Of those who have attained College education, 5 had a Diploma in Business management, one each a Diploma in Cooperative Management, Accountancy Business studies, banking and another 3 had Diplomas in other fields. The degree holders were fields unrelated to accounting such as Public Administration, Social Sciences, Social work, Economics. (For more details

refer to Annex 3 on qualifications and experience of SACCO Accountants)

About 90% of the managers/ accountants are currently not taking any part-time academic training. The remaining 10% are taking courses such as Diploma in Microfinance and computer science. About 70% are currently not undertaking any professional courses, 10% are taking CPA or ACCA and another 5% a certificate in Accountancy (5%).

This implies that majority of the accountants/managers lack the relevant basic accounting skills and the skill upgrading is also low though essential for improved efficiency and productivity.

2.1.4. Experience and Job relevance

The SACCOs seem to be attracting relatively older staff members. Some of these were either committee members or retirees that opt to assist the SACCO by originally volunteering to take the job. 35% of the SACCO accountants/managers were within the 30-39 years, 30% between 40 to 45 years and another 20% over 45 years. 75% of the accountants/managers had worked for over 2 years and with 40% having worked for the same SACCO for more than 6 years. This may imply that some accountants' commitment to the SACCO is beyond just employment.

Table 2.04: Accountants' Age Vs number of years working at the SACCO

		How Long have you worked with this SACCO?							
		< 1 year	1-2 Years	2-4 Years	4-5 Years	6-10 Years	> 10 Years	Total	Percent
Age bracket (in Years)	18-29	1						1	5%
	30-39	1	1	2		3		7	35%
	40-45	1	1	1	1	2		6	30%
	Above 45			2		2	1	5	25%
Total		3	2	5	1	7	1	19	95%
Sample Size		20	20	20	20	20	20	20	
Percentage		15%	10%	25%	5%	35%	5%		

The past experience of accountants/managers of the SACCO studied vary greatly. As shown in table 2.05 below, 30% of the staff had previously worked as Civil servants, 20% in another SACCO (for 4-5 years), 15% in a bank (for over 10 years), 5% in a Financial Services Association, 5% in an Accountancy and Audit firm, and the rest 25% in other organizations not related to SACCO or accounting. About 5% indicated that this was their first job.

Table 2.05: Accountants' past experience

Institution	Institutions worked with before joining this SACCO		Number of years worked for the named Institution and number of respondents				Total
	Frequency	Percentage	1-2	4-5	6-10	Over 10	
Financial Institutions: Bank, Another SACCO, FSA	8	40.0	1	2	1	4	8
Development Organisation (e.g., NGO)	0	0	0	0	0	0	0
Accountancy Firm	1	5.0	0	0	0	1	1
Government (Civil Servant)	6	30	1	2	1	2	6
Others	5	25.0	1	0	1	2	4
Never worked anywhere else	1	5.0					
Total (Sample Size)	20	100.0	3	4	3	9	19
Percentage			15%	20%	15%	45%	

2.1.5. Other trainings received

All the accountants/managers interviewed indicated that they have attended some form of short term training related to their work. The main on-the-job courses taken include Bookkeeping (45%), Cashiering (30%), Cash Management (40%), Management of SACCO Operations (45%) and front office management (30%). Other relevant courses are Business management and administration (5%), Financial Control and Management (5%), Loan appraisal (10%), Customer care and Management (5%), Microfinance best practices (5%), and SACCO mobilisation skills (5%). In addition, 95% of the accountants/managers are currently not receiving any part-time on-the-job training. See details in table 2.06 below:

Table 2.06: On the-Job Trainings Received

Short-term / on-the-job courses Received	Job Title / Position in the SACCO						Total	Percentage
	General Manager	Accountant	Loan Officer	Accounts Clerk	Secretary Manager	Manager		
Main Courses								
Front Office Management	2			1		3	6	30%
Bookkeeping	2	2		1	1	3	9	45%
Cashiering (Receiving and Paying)	2	1				3	6	30%
Cash Management	2	1	1	1		3	8	40%
Management of SACCO Operations	2		1	1	1	4	9	45%
Other Courses								
Agricultural Loan Product Design			1			1	2	10%
Business Mgt. and Administration		1					1	5%
Financial Control		1					1	5%
Financial Management					1		1	5%
Loan Appraisal	1				1		2	10%
Microfinance Best Practices	1						1	5%
UUCSCU courses (PEARLS)	1						1	5%
Customer Care & Management					1		1	5%
Strategic Stores Management		1					1	5%
Environmental Impact Assessment		1					1	5%
SACCO Mobilization Skills					1		1	5%
Are you currently undergoing any part-time on-the-job training?								
No	7	4	1	1	1	5	19	95%
Yes	0	0	0	0	0	0	0	0
Non-Response							1	5%
Total	7	4	1	1	1	5	20	

2.1.6. Ability to prepare books of accounts and interpret financial statements

The accountants' knowledge and skills in specific accounting areas is inadequate as shown in the table 2.06 below. These areas include Payroll administration (40%); Bank and cash reconciliations (25%), Preparation of financial reports - Profit and loss and balance sheet statements (25%); Managing cash/treasury (30%); Making financial decisions (45%); Portfolio quality measurement and analysis (45%); Setting SACCO targets, projections and preparation of budgets (40%); Controlling SACCO budgets and performances according to projections (35%); Financial analysis and interpretation (65%); Performance evaluations - variance analysis (65%); Maintaining fixed asset register (45%); Facilitating internal audit tasks (35%); Report writing (30%) and usage of email communication (30%); and conducting staff appraisal (45%).

Table 2.07: Accountants' Competence levels

Specific Knowledge Areas in Accounts	Staff Competence Levels (% of Respondents)			
	Poor/ Needs Training	Good	Very Good	Exceptional
Payroll administration	40	15	25	20
Receiving and paying Cash	20	10	30	40
Bank and cash reconciliations	25	15	30	30
Book-keeping (updating cashbooks, loan ledgers, and general ledger accounts)	10	25	40	25
Extracting trial balance and checking for errors of double entry	10	35	40	15
Preparation of financial reports (Profit and loss and balance sheet statements)	25	30	30	15
Computing interest and preparation of loan repayment schedules	10	25	55	10
Reconciling clients records, for savings and loans	10	20	45	25
Managing cash/treasury	30	25	35	10
Making financial decisions	45	25	25	0
Portfolio quality measurement and analysis	45	25	30	0
Setting SACCO targets, projections and preparation of budgets	40	40	15	5
Controlling SACCO budgets and performances according to projections	35	40	20	5
Financial analysis and interpretation	65	10	20	5
Performance evaluations (variance analysis)	65	5	20	5
Maintaining fixed assets register	45	20	25	10
Facilitating internal audit tasks	35	30	30	0
Facilitating external audit tasks	15	40	40	5
Report writing	30	45	20	5
Receiving and responding to telephone enquiries	15	25	40	15
Receiving and responding to e-mails	40	20	15	0
Training staff/Induction of new staff	20	20	40	10
Work Supervision (revising other people's work)	15	25	40	10
Conducting staff appraisals	45	15	25	5

Though many of the respondents had attended financial training of a sort, their ability to prepare and interpret the financial data is inadequate and the situation has not changed much. This is contributed largely by their weak accounting background. This analysis also agrees with earlier reviews of training impact⁴. The above analyses is supported by the problems noted by reviewing the accounting processes, primary books and financial statements as described below and annex 5.

- (a) **Inability to administer Payroll:** 40% of the Accounting officers have inadequate knowledge in preparing the payroll as was reflected in the inaccuracies in the preparation of Pay as You Earn (PAYE) and NSSF. This could lead to the SACCO paying huge penalties to the country's Revenue Authority body for defaulting.

⁴ Report on DFID/FSDU study of the impact of accounting and audit training, by ACLAIM Africa Ltd, December 2006

- (b) **Cashbooks not properly posted and updated:** Most cashbook pages have not been numbered posing a danger of pages being removed or deleted. In addition, there are too many cancellations in some cashbooks. The daily and cumulative totals in some cases are not reflected in the cashbook. In some cases, the cashbook is not dated and months have also not been separated – this makes it difficult to identify transactions of different months in the cash book.
- (c) **Bank reconciliation not correctly done:** Bank reconciliation is hardly prepared in some of the SACCOs (25%) while in others they have wrongly prepared them. There is a risk of failing to detect errors and financial statements could be misstated as bank charges are not taken into account. Moreover, errors made by the bank on debiting of receipts and those made in the cash book could prove difficult to detect in time. And worse still, some SACCOs use bank statements to determine the amount of money in the bank.
- (d) **Inability to prepare Financial Statements correctly and in time:** SACCO accountants have problems in the classification of expenses income, assets, and liabilities. These problems were also encountered in the audited reports which leaves so many questions unanswered. Some postings in the profit and loss account were wrong, for example a purchase of fixed asset being posted as an expense in the profit and loss account.
- (e) **Depreciation:** Very few SACCOs have taken depreciation into consideration in preparation of financial statements. Such omissions have inflated the profits giving a false picture of the financial situation. It was also interesting to note that some of the external auditors did not take into account this omission.
- (f) **Variance Analysis:** Where differences between the budgets and the actual figures were calculated variance analysis was not done. There are no explanation of why the variances occurred, and probed further one would argued that you cannot know what would happen in future.
- (g) **Portfolio quality is not measured.** The portfolio at risk was too high in some SACCOs though the implication of this was not well understood by them. For example at Bugongi SACCO the PAR is 65%. The loan appraisals were not properly done and times the exposure is extremely high. In many cases the loans are six to ten times the amount of savings.
- (h) **Assets Register:** While some SACCOs did not have assets register, the few that had an asset register was incomplete. Most of the assets were not serialized or marked, which implied that some of the assets they claimed as theirs could have belonged someone else.
- (i) **Poor Investment Decisions:** Some of the SACCOs have invested so much in non-earning assets which is not their core business or in other line of business like stationery business and rental buildings. Liquidity management has been a challenge to many SACCOs. Some over disburse while others hold a lot of money with link banks yet they are not converting it into fixed deposits that could earn them a better interest.

Box 1: Problems Accountants experience

When the accountants were asked to state the problems they face in performing their accounting tasks they said:

- Members do not avail documents like salary deduction sheets for SACCO's with salaried members in time (20% of cases)
- My accounts do not balance (20% of cases)
- I do not know how to record some transactions (30% of cases)
- I do not know how to prepare financial reports (30% of cases)
- I have too much work than I can handle (25% of cases)
- I do not know how to reconcile a cashbook (20% of cases)

2.1.7. Computer Skills

The SACCO Accountants have limited knowledge and skills in basic/ computing such as MS-Office and relevant SACCO Accounting software. 55% of the accountants have no skills in any accounting software and 45% have little (poor) skills on the same. On average 70% of the accountants/managers have no skills in relevant SACCO software like FSA master and loan performer as shown in the table 2.08 below.

Table 2.08: Accountants' Competence levels

Computing Skills and Knowledge Areas	SACCO Staff Competence Levels											
	Poor		Fair		Good		Very Good		Exceptional		No Skill / Non-Response	
	Tally	%	Tally	%	Tally	%	Tally	%	Tally	%	Tally	%
MS-Office	5	25	4	20	4	20	2	10	1	5	4	20
Accounting Software	9	45	0	0	0	0	0	0	0	0	11	55
SACCO Software	5	25	1	5	0	0	0	0	0	0	14	70

Currently, only 25% of the accountants are pursuing part-time Computer courses including Diploma in computer science and MS-Office.

2.1.8. Internal controls

The internal controls are self-checking mechanisms or programs that enable errors, inconsistencies to be detected early enough for correction. These include segregation of duties where a transaction has an initiator and another person checks it before approval or payment. Some accountant/managers are performing multiple roles within the SACCO thus violating this fundamental principle. This is worsened by the situation where the supervisory committee is ineffective and reporting systems are non-functional.

With low staffing levels of less than four employees among the 40% of SACCOs surveyed, internal control systems are compromised. There are cases where the Manager initiates a transaction, approves (and makes payment) and posts it into the books of account. Worse still, a Cashier could

be allowed to pick his/her float cash directly from the Safe in the morning and return it in the evening without checking by the Manager. The key to the safe is left with the Manager and no other person from the management committee (treasurer) comes to check on what is happening. These scenarios expose the SACCO high risks and money could be stolen.

In principle, the supervision committee is supposed to perform the role of internal audit and advise the management committee and members on the problems observed. These committees, however, lack the right skills and knowledge to do the job. In some cases these committees have come to count cash at the end of the month or any other date they have made appointment. Their checking involves tallying the cash balance to the book balance without checking the authenticity of the vouchers used to balance the books. Their main focus is on general operational issues such as disbursements, loan repayment, expenses and member recruitment.

The frequency of the internal audit is very low and chances of malpractices, such as a Manager trading on the SACCO money, are high. As shown in table 2.09 below, 80% of the SACCOs have been internally audited. Of these, 69% are audited on a quarterly basis, 6% annually, 12% on an ad hoc basis, and 13% on a monthly basis. With regard to the SACCOs that have been internally audited, 25% of these were audited in July 2007, 43% on the last quarter ending June 2007, 12% on the quarter ending March 2007, 12% last year, and 6% other periods. In addition, 63% indicates that management notes/comments were been made on the accounts, and of these SACCOs, 70% acted on the management notes made.

Table 2.09: Frequency of Internal audit

Response	Frequency	Percent	Valid Percent
Quarterly	11	55.0	68.8
Annually	1	5.0	6.3
Ad Hoc (When there is an issue)	2	10.0	12.5
Other – Monthly	2	10.0	12.5
Total Audited	16	80.0	100.0
Not Audited	4	20.0	
Total	20	100.0	

In cases where a SACCO has an active support institution like UCA or Plan Uganda, the internal control function is being supplemented by staff from these institutions. They send auditors or technical staff to check the books and help the manager to correct mistakes that might have been committed.

2.1.9. Status of the accounting systems

Accounting systems implemented in most SACCOs (90%) are largely manual or partly computerized. These systems could be tedious, repetitive, wasteful and susceptible to manipulation if not well designed. There were cases of incompleteness of transaction entries, some entries that have been suppressed by whiteout, improper checking and counterchecking of what has been entered as per analysis in Annex 5 and table 2.10 below. These manual systems, when combined with inadequate staff and lack of accounting skills, are unable to cope with SACCO growth and need for more refined information for managerial decision making.

Table 2.10: Frequency of Defects in Financial Statements

Type of Error or defect	Frequency	Percentage of total sample
Balance sheet not balancing	7	35%
Arithmetic errors	7	35%
Misclassification of items	9	45%
Inconsistencies in presentation and treatment of similar items	5	25%
Inadequate supporting notes and schedules	3	15%
Disclosure (format used) not professional	5	25%

In table 2.11 below, accounting systems employed by the SACCOs are mainly manual (55%) or partly manual/partly computerized (35%) and only 10% are computerized accounting systems.

Table 2.11: Status of Accounting Systems

	Level of computerization			
	Manual	Partly manual/ partly computerized	Computerized accounting	Total
Frequency (Total)	11	7	2	20
Sample Size	20	20	20	
Percentage	55%	35%	10%	100%

Though 85% of the SACCOs indicated that they have accounting manuals but they either do not understand them or deliberately do not use them. In some cases, what they call accounting and operations manual is what was provided by UCA as guidelines in developing customized manuals.

The reporting systems were also defective. With reports being produced late, not being correct, reports lacking analytical aspects and not used to make decisions or improve performance. Annex 5 shows that all SACCOs had defect of a sort (as listed in table 2.10) and in Annex 4-7 30% of the SACCO produced their accounts less regularly (quarterly or annually). The reporting formats provided by donors and support institutions are complicated and hard to prepare using the databases in place such as Performance Evaluation Tool (PMT).

About 75% of the Accounting staff indicated that they have never heard of WOCCU accounting guidelines for SACCOs, and only 5% have heard about the guidelines and apply them.

Where SACCOs are getting support on accounting function (computers, training and technical support), systems are much better and there is clear growth. The support institutions have bought the SACCO computers and software for tracking loans and accounting transactions.

2.1.10. Equipments and Other Facilities at SACCOs

As indicated earlier in 2.1.09, many SACCOs (55%) do not have computers and are operating on manual systems. Where computers are available, the software applications are not appropriate.

Where they have to produce typed reports they have to do it manually and take it to a bureau for typing which takes time and is expensive. In some cases like in Mwizi SACCO, the computers are not enough with one being attached to the cashier and the other to loan officer and the manager/accountant has to wait and check the work at the end of the day.

For SACCOs with computers, there were few cases (10%) where a local area network exists. The rest (90%) had stand alone computers used by the cashier, the accountant and the loan officer in turn to update their respective records.

Provision of computers alone has not solved management information systems (MIS) problems. As discussed above, majority of the accountants/managers lack computer skills and the use of these computers is limited. There are cases where power has been a big challenge. SACCOs that are lucky to have a generator or solar panel have to put up with the bill to maintain these or do without operation if the sun is not bright that day.

2.1.11. External Audit

There was evidence that SACCOs do not effectively use external audit as expected. Where comments are not favourable, auditors are viewed as trouble makers. There were cases where the audit report and the accounts presented as final financial statements had mistakes (85%). This implies that SACCOs have their books audited as a formality. The board and management view external audit as an activity for the government or donors.

As shown in table 2.11 below, 95% of the SACCOs have been externally audited. Of these, 30% are audited every year before the sixth Month of the following year; 15% every year after the sixth month of the following year; and 50% during other periods including every end of Financial year, every year after December, every year after September, once a year, quarterly, semi-Annually, and year-end.

Table 2.12: Frequency of External Audit

	Response	How Often has Your SACCO been Externally Audited	Frequency	Percentage	
Has Your SACCO been Externally Audited	No		1	5%	
	Yes	Every Year before 6th Month of the following Year	6	30%	
		Every Year after the sixth Month of the following Year	3	15%	
	Other				50%
		Every Year After December	1	5%	
		Every Year After September	1	5%	
		Every end of Financial Year	1	5%	
		Once a Year	4	20%	
		Quarterly	1	5%	
		Semi-Annually	1	5%	
Year End		1	5%		
Total		20	100%		

With regard to the SACCOs that have been externally audited, 47% of these are currently being audited, 11% in first quarter of 2007, 26% on last year 2006, and 16% during other times including February 2007 and January 2007. The accounts that have been audited include Accounts for 2006/2007 (95% of the SACCOs) and Accounts for 2005 (5% of the SACCOs). For SACCOs have been externally audited, 68% indicate that there was a management letter/or comments made on the accounts, and 85% of these have acted on the management comments.

2.2. Work and Functions of SACCO Auditors

2.2.1. Who Audits SACCOs?

According to the Co-operative Societies Statute of 1991, registered societies should cause their books to be audited at least once in every year by an auditor appointed by the Annual General Meeting and approved by the Registrar (Section 21 (1))⁵. It further states that these audits should be conducted in accordance with generally accepted professional audit standards and in addition include audit of management efficiency (Section 21 (2)). In Section 22 (1), the auditor to be appointed to audit a registered society should be a member of a recognized accounting body unless the Minister has amended the relevant section specifying these qualifications.

In the field, the above is not practiced. 95% of the SACCOs visited were audited by co-operative officers and approved by the Registrar or Assistant registrars. These co-operative officers are not necessarily professional accountants/auditors since some are recruited as commercial officers. The financial statements presented in audited accounts do not follow the professional formats and are not in line with the guidelines of the international accounting and auditing standards. The only SACCO that was audited by an external auditor had financial statements presented in acceptable formats and with notes attached.

2.2.2. SACCO Audit Experiences

The following were expressions by external auditors and co-operative officers on the experiences in auditing SACCOs are in line with the findings highlighted in various sections in 2.1 above;

- The SACCO board and members do not appreciate the need for external auditors and therefore they did not bother to engage one. They used co-operative officers as indicated above.
- The SACCOs do not have sufficient funds to pay for professional audit and end up using the Cooperative Officers who are more affordable but are not Members of the Institute of Certified Public Accountants of Uganda.
- At the time of audit, SACCO books are not ready for audit with supporting schedules. Auditors are forced to prepare the accounts and then audit (which is not professional). Preparation of books of accounts is the primary duty of the management.
- Portfolio details such as list of loans with name of borrowers, breakdown of those in arrears and their ages are not readily available. There are no proper documentation for loan appraisals (if at all they are done) and follow up actions.
- The audit comments are not acted on from one year to the next
- Internal control systems are not in place and auditors have a problem in reliance on the systems to form their opinion.

⁵ Co-operative Societies statute of 1991, page 10.

- The supervisory committees do not identify mistakes that are inherent at the SACCOs and Board members do not know their roles as regards to financial reporting

2.2.3. Capacity Gaps among Auditors

The assessment made on capacity of approved external auditors indicates that they have adequate capacity to address audit issues. The conditions set by ICPAU for practising auditors are adequate for basic audit of SACCOs. The following also need to be addressed that include:-

- Clear understanding of the Co-operative law
- Training in the CGAP Financial Reporting and Auditing Guidelines
- Review of management effectiveness
- Appreciation of the SACCO operating environment
- Agreement on common (frequent) audit risks and challenges
- Audit of SACCO loan portfolio

2.2.4. Other Audit Issues

From the discussions with SACCO management, board members, UCA coordinators and District Co-operative Officers indicate that audit of SACCOs is still new in the minds of staff and Board members (More details in Annex 8). It was not clear who should be doing the audit and for what the purpose. The District Co-operative Officers feel that the Law mandates them to do it. They interpret the law to mean that they have the power to audit SACCO even when they do not have professional accounting qualification to do so. The SACCO management felt that the audit done by co-operative officers is enough and cheaper. This is supported by the fact that 95% of the SACCOs were audited by the co-operative officers.

2.3. Training and Support Institutions

2.3.1. Training Institutions and their courses

The following are comments on the training courses and programmes that were (and/or are) offered by various institutions

(i) Uganda Co-operative College (UCC)

UCC offers a diploma course in co-operative management and a certificate course on the same. The certificate course is a bridging course for the diploma course. This diploma course is taken over 2 years and has wide coverage in accounting, auditing and co-operative management.

The course, in our assessment, covers essentially what a SACCO would be looking for in an accounting officer. The course coverage is broad enough to give the personnel the ability required to keep proper books of account and good background for someone to pursue professional accounting courses.

Out of the 20 SACCOs covered by this survey only one had employed a graduate from this college. The reasons given are that the graduates did not apply, the SACCOs are not aware of such qualification and the Diploma holders are marketable in other sectors as well (according to the college view). The college capacity is under utilized, with only 250 students as opposed to 450. This

has been attributed to lack of adequate public awareness of its existence and courses to it offers and its location away from major towns as well as off the main road. Those who wish to take part-time study in the evening and over the weekend may find it difficult to do so.

(ii) ***FSDU***

- a. **MFI Audit Course Handbook:** This audit course was designed based on the CGAP audit handbook for microfinance institutions. It was well designed and covers a wide range of audit issues. It was good for qualified auditors and those with experience in auditing.

The course, however, does not address audit issues for SACCOs. It was designed for Tier 3 microfinance institutions that use donor or private capital. It does not cover member-owned institutions who are also the savers and borrowers. There was a mismatch between the course material and the target group and that's why the impact was not as expected⁶.

- b. **Fundamentals of Accounting for microfinance institutions:** This course was offered to SACCO staff and board members as title suggests, the design focuses on accounting work for MFI's. It gives good basic knowledge of accounting to account assistants that prepare books up to trial balance. It gives a lot of theoretical background of book keeping

The following were the weaknesses with this course;

- The approach seems to be targeting university graduates or people of higher academic standing.
- It does not address SACCO related transactions
- It is very theoretical and does not address skill training
- The participants could easily forget what they have learned because there are no exercises to practice what they are learning
- It does not address why these books should be kept and hence fails the test of adult learners – they are very practical and would like to compare how the new knowledge would change their lives.

(iii) ***UIB Diploma***

This is a postgraduate diploma course aimed at sharpening the understanding of microfinance. Its scope requires one to prior degree or diploma in management and experience in microfinance. This may not give a non-accountant the skills required to maintain the books of accounts prepare financial statements and make the required financial decision. It should be taken in addition to an accounting course.

(iv) ***Rural SPEED***

Rural SPEED offered SACCO/MFI accounting and financial management training to 60 representatives (30 board members and 30 General Managers) held in Kabale and Mbarara in 2005. The training course covered on successful models of financial management, roles of committees and management; policies and procedures; paper-based accounting systems and paper-based portfolio tracking systems (including PEARLS).

⁶ Report on DFID/FSDU study of the impact of accounting and audit training, by ACLAIM Africa Ltd, December 2006

The coverage of the course was wide for a short period with less practical, skill building approach. Accounting sessions require a lot of practical exercises and the skills cannot be monitored in less than a week⁷.

(v) ***The Association of Microfinance Institutions of Uganda (AMFIU)***

AMFIU has been promoting standardization of the reporting systems and has introduced Performance Monitoring Tool (PMT). Some training is offered on how to collect data and prepare the reports for this tool. Training is extended to the computation of various ratios and their interpretation.

PMT has some implementation problems that need to be addressed such as inability to consolidate across SACCOs, difficult to prepare it manually and has many ratios (38) to calculate. In its present form, it may be difficult to enforce implementation through SACCO 'buy-in'.

2.3.2. Training gaps identified

The design and methodology for the training programmes conducted by some of the support institutions are not matching with the training needs of the target group and their academic and professional training background. An assessment of the training needs is necessary before the design of the training materials. Many beneficiaries are not effectively using the skills and knowledge they acquired from the training offered to them. This brings to question on whether there was any knowledge and skills transfer. As discussed earlier, most SACCO staff lack capacity to understand complex accounting toolkits.

2.4. Conclusion of the Findings

This study confirms that there exist capacity gaps among the SACCO accountants and auditors that need to be addressed. These gaps vary from one SACCO to another depending on size, location of the SACCO, level of support the SACCO has received and ability of the SACCO to hire qualified staff.

Some of the problems being faced by the accounting function within the SACCOs are affected by the environment in which they are operating in. The number of qualified accountants is low, most younger employees would prefer to work in big towns and SACCO's do not offer competitive remuneration to attract these.

The recommendations that follow are based on how best the problems highlighted above could be addressed.

⁷ Fineline's opinion and experience in training

3. Key Recommendations

3.1. Recommendation on SACCO Accounting Function

3.1.1. Accounting Systems versus Size of SACCO

The challenges facing SACCOs are many and vary with the size. As indicated earlier, the SACCOs have few staff for implementation of internal controls, are too small to pay salaries or pay audit fees, they cannot afford computer systems and have no relevant skills to run the systems. With these challenges in mind functional matrix in table 3.01 below is proposed;

Table 3.01: SACCO capacity matrix

Parameter	SACCO SIZE		
	Below 500 members (A)	500-1,000 Members (B)	Over 1,000 members (C)
Accounting policies and procedures	Can use basic guidelines provided by UCA	Must develop a detailed manual that explains all accounting transactions at the SACCO and internal controls applied	Must develop a detailed manual that explains all accounting transactions at the SACCO and internal controls applied
Preferred Accounting System	Manual	Computerized	Computerized
Staffing level	Can do with up to 2 members of staff	3-4: Manager, loan officer (s), cashier	Manager, Accountant, loan officers, cashier (s)
Accounting function	Preferably be outsourced	Preferably be outsourced	Employ a full accountant
Internal Audit function	Supplemented by Supervisory committee and outsourcing	Supplemented by Supervisory committee and outsourcing	Well established and use of supervisory committee

3.1.2. Support for Computerization and Accounting function

It is the role of the SACCO to ensure that the accounting function is effective. However small and upcoming SACCOs might experience difficulties in employing the right personnel and acquire the required equipment and infrastructure to have the task executed as required. So in the spirit of developing these SACCOs (especially those put under category (A) and (B) above), it would be wise to offer them the following support;

Category A

- Training on basic books to be maintained by a SACCO.
- Training in basic book keeping and internal checks
- Training on how to prepare and use financial statements
- Provided with guidelines for accounting and operations manuals, chart of accounts and sample financial reports
- Subsidized accounting function – getting a professional to prepare the accounts at regular basis for them.

- Subsidized internal control mechanism – getting professional to check from time to time on the accounting practice.

Category B

- Where possible, provide initial one or two computers. These computers must have the right software installed and linked through a simple network.
- The SACCO should generate money to buy additional ones when it grows
- The staff should be trained on the use of the computers and software installed
- Where funds are available, the SACCO manager and accountant could be sponsored to take additional training as may be deemed necessary

3.1.3. Standardization of Accounting operations and practices

As pointed out in the findings, the accounting practice varied and the accounting data is hard to compare. In many cases its preparation does not follow professional guidelines. The following recommendations could go along way in standardizing these accounting practices;

- Develop a standard guide on treatment of SACCO transactions (as provided by UCA). This could be improved as per the demand.
- Develop a standard chart of accounts to be used
- Develop standardized financial statements (profit and loss, balance sheet and cash flow)
- Provide a guide on the essential schedules to prepare to support the financial statements like bank reconciliation, loan reports, fixed assets movement schedule savings and shares schedules
- Reporting system to be followed by all SACCOs (e.g., financial years to end in December or June)
- The financial and portfolio reports recommended for SACCOs should be convenient to prepare and use by them. The main user of the reports is, and should remain to be, the SACCO. The PMT or any other report must not overburden the SACCO in its preparation.

3.1.4. Design and development of Reporting systems and Reports

The study revealed that SACCOs are using different accounting software applications and performance evaluation reports like PMT and PEARLS. Although some are semi-computerized, the systems that they use also vary significantly and their ability to generate reports also differs. The ratios suggested in SACCO PMT⁸ for use to measure performance could be reduced to about 12 as suggested below;

- a) Operating self-sufficiency (the small society have few fixed assets and rarely accrue interest income, get donor funds and involved in foreign currency transactions hence these adjustment are not relevant)
- b) Portfolio yield
- c) Liquidity ratio
- d) Portfolio at risk (greater than one day old): this is easy to measure even when using manual systems.
- e) Loan loss ratio
- f) Operating expense ratio
- g) Average number of active loan clients per officer

⁸ MFI Performance Monitoring Tool 2007, pages 43-56

- h) Debt to equity ratio (members savings are classified as liabilities while shares fall under equity)
- i) Net change in number of members during the period or membership growth (%)
- j) Net change in number of borrowers during the period
- k) Net change in value of deposits during the period
- l) Net change in value of shares during the period

The software issue is quite challenging and the SACCOs may not solve it by themselves. They need help and the support institutions would add value to the sub-sector by identifying the right software so that SACCOs do not get conned by vendors.

3.2. Training and Staff Competence

3.2.1. Academic and Professional Qualifications for Accounting Officers

Basic training on those charged with performing accounting duties at the SACCO should have among other things be a

- Diploma holder in Accounting, banking and Cooperative management, or
- Uganda diploma in business studies (UDBS) with specialization in accounting
- Degree holder in accounting, finance, banking or
- Holder of professional qualifications like CPA, ACCA and Accounting Technician Certificate

3.2.2. Training of SACCO staff (On-the-job training)

On the job trainings for SACCO staff could be limited to areas that cannot be adequately covered in professional training. Some of the courses include;

- SACCO business environment
- SACCO challenges
- Accounting for SACCO activities
- SACCO reports and reporting
- SACCO products
- Portfolio quality measurement and management
- Business planning and budgeting

3.3. Training Institutions and Training Courses

3.3.1. Relevant Courses for Accountants

It is necessary to conduct training needs assessments (TNA) so that the courses being offered by the training institutions are relevant and address the industry issues. For example the Diploma course in co-operative management needs to cover computerized accounting and audit. The design of the courses should take into account the background of the intended trainees. Different short courses could be designed for cashiers, loan officers, accountants, managers, board members, supervisory committee members and loan committee members. An extract of accountant's

competency model for use in designing courses related to SACCO accountants has been provided in Annex 6.

3.3.2. Training Institutions

The Government and support institutions should support UCC at Kigumba in training managers and accountants for the SACCOs under their diploma course. Short courses could be designed and tailored for loan officers and cashiers. These could be trained at one place or decentralized to regions and regular intervals or as per demand.

The UCC diploma course appears to be the most appropriate professional training that could solve the SACCO management woes. However it needs adjustment to cater for the changing operating environment like computerized accounting and process as well as product innovations in the market. The college can offer areas of specialization such as SACCO accounting and auditing, Co-operative production and marketing, and Co-operative management (general). The college could establish campuses or constituent colleges closer to SACCO concentrations to enable those who want to improve their skills to do so.

3.3.3. Networking between Practitioners and Training Institutions

There is need for permanent network of support institutions for sustainable SACCO development. The small and upcoming SACCOs have huge challenges on capacity and like babies; they need a parent to nurture them.

The co-operative college should train more people for the growing market. It should also liaise with UCA, UCSCU and other SACCO support institutions to ensure that their training programmes are in line with what is being practiced.

3.4. External Auditors

3.4.1. Selection of Auditing Firms

In line with recommendations by ACLAIM (December, 2006)⁹, a selection criteria for external auditors should be set. This should be made on the basis of laid down minimum qualifications and experiences, and in line with the regulations binding the audit profession in Uganda. An understanding of the laws and regulatory framework for SACCOs is necessary as is the knowledge of the CGAP Audit Guidelines.

Audit firms should be evaluated before they are approved to audit SACCOs and confirmed to be members of Institute of Certified Public Accountants of Uganda. In addition, eligible audit firms should then be subjected to vetting and performance reviews over time. The support institutions do not need to spend money on training external auditors on how to do their job.

3.4.2. Training of staff within Audit Firms

The training to be offered to qualifying Audit firms would then include the following areas;

⁹ Report on DFID/FSDU study of the impact of accounting and audit training, by ACLAIM Africa Ltd, December 2006

- SACCO operating environment – an appreciation of the challenges that SACCOs face (especially those in rural and remote places)
- Accounting and reporting systems among the SACCOs.
- Audit risk issues among the SACCOs
- CGAP audit guidelines.

3.5. SACCO Operating Environment

3.5.1. Regulation and Supervision of SACCOs

Government's role in the SACCO movement should remain as an enabler (creating an enabling environment for SACCOs to operate) but not a direct provider of financial services.

- Government support could include increasing sponsorship to SACCO staff wishing to take up the Diploma in co-operative management, increasing co-operative officers at district level, promoting the co-operative college and expanding the training facilities to cope with the growing demand for co-operators.
- The Government support would be well utilized by promoting provision of basic infrastructure like computers, software, power and safes through a support institution like UCA or UCSCU with clear terms and conditions. This will enable smooth operation and avoid direct conflict of interests of politicians and business.
- The co-operative officers at district could well be utilized as a watchdog for public moneys mobilized by SACCOs especially the small and unstable ones, and to offer the routine external audits for them.

The ministry and support institutions should play an active role in educating members on their roles to check the board and why external auditors are important.

- The Registrar should receive audit reports for SACCO and enforce implementation of audit comments. The Registrar has (or should have) power to register or de-register (dissolve) SACCOs that do not comply with the regulation. They should also take action on managers/accounting officers who defraud SACCOs.
- It may be difficult to audit and take action on the same SACCO. Therefore, it would be good if the two tasks were separated.

3.5.2. Networking among Support Institutions

Stakeholders in SACCO development need to sit and agree what SACCOs should report and how. At the moment SACCOs are using different tracking and reporting systems and many of them are doing it for the 'donor'. All should support the use of the SACCO PMT.

3.5.3. Rating SACCO's

With help of support institutions, SACCOs could be rated from time to time to ensure that they remain focused to providing quality services to their members and are sustainable. Those wishing to access external funding, this rating report should be used as base to judge their suitability.

4. Conclusions and Way Forward

This study confirms that there exist capacity gaps among the SACCO accountants and auditors that need to be addressed. These gaps vary from one SACCO to another depending on size, location of the SACCO, level of support the SACCO has received and ability of the SACCO to hire qualified staff.

The accounting and information related challenges that rural and small SACCOs are facing could be best managed both at national level with the policy framework and at grass root level by proper implementation of regulations. Such interactive approaches would ensure that all partners are involved at various levels. The support structures should be uniform across the country and among partners.

However, putting focus narrowly on accounting and information systems could miss the broader nature and complexity of the institutional capacity development needs of the SACCO sector. The accountants and accounting systems operate in the context of the SACCO institution and its support network. From this context there is great need to address the larger issues of SACCO leadership and governance, management and management systems and structures, markets and products as well as the legal and regulatory environment within which SACCOs operate. Resources put to develop capacity in any one component alone, however critical the component may be such resources could fail to realize meaningful improvements in the capacity of the SACCO to either serve its clientele better or increase and deepen reach to financial services.

This study recommends a comprehensive approach and a programme that seeks to provide and/or coordinate resources and technical support for development of the capacity of the SACCOs and their support network. Such a programme must seek to provide integrated support that targets the development of the SACCOs into a strong and sustainable financial sector that serves, especially, the rural communities and have the potential of creating linkages with the mainstream financial systems.

5. Appendices/Annexure

Annex 1: SACCO Sampling

a) Initial SACCO Sample

The following districts and SACCOs were selected divided into three clusters:

No.	Clusters & Districts	County/Municipality	Name of SACCO
A	Cluster 1: Eastern		
1	Mbale	Mbale	National Rural & Urban SACCO
2	Tororo	Tororo Municipality	Bukendi Teachers' Cooperative SACCO
3	Busia	Samia Bugwe South	Busia Teachers' SACCO
4	Bugiri	Bukooli North	Bugiri Agency for Youth Development SACCO
5	Iganga	Kigulu	Kigulu South Cooperative SACCO Ltd
6	Kamuli	Bugabula	Kamuli Twisania Cooperative SACCO
7	Jinja	Jinja Municipality	Jinja Municipal Council Staff SACCO
B	Cluster 2: North and South		
8	Kampala	Kampala City	Mulago II Cooperative SACCO
9	Gulu	Gulu Municipality	Gulu SACCO
10	Mukono	Ntenjeru	Kisoga SACCO
11	Wakiso	Entebbe Municipality	Kiwafu Cooperative SACCO Ltd
12	Masaka	Bukomansimbi	Butenga Co-operative SACCO
13	Mbarara	Rwampara	Mwizi Cooperative SACCO
C	Cluster 3: South West		
14	Bushenyi	Ishaka TC	Bushenyi Peoples SACCO
15	Bushenyi	Mutara	Mutara Development SACCO
16	Rukungiri	Rubabbo	Rubabo Peoples Coop SACCO
17	Ntungamo	Rushenyi	Rubaare Modern SACCO Ltd
18	Kabale	Rukiga	Rukiga SACCO
19	Kabarole	Bunyangabu	Kabbicca SACCO
20	Kasese	Bukonzo	Ikongo Rural SACCO

b) Revised SACCO Sample

After sampling, the consultants went ahead to seek appointments for the visit using contacts that had been provided in the Tier 4 Census reports. Five SACCOs could not be reached in good time for the exercise and were replaced using the same procedure. The sample amended as indicated below.

No.	Clusters & Districts	County/Municipality	Name of SACCO
A	Cluster 1: Eastern		
1	Mbale	Mbale	National Rural & Urban SACCO
2	Tororo	Tororo Municipality	Tororo Municipal Council Workers' SACCO
3	Busia	Samia Bugwe South	Busia Teachers' SACCO
4	Bugiri	Bukooli North	Bugiri Agency for Youth Development SACCO
5	Iganga	Kigulu	Kigulu South Cooperative SACCO Ltd
6	Kamuli	Bugabula	Kamuli Twisania Cooperative SACCO
7	Jinja	Jinja Municipality	Jinja Municipal Council Staff SACCO
B	Cluster 2: North and South		
8	Kampala	Kampala City	Mulago II Cooperative SACCO
9	Gulu	Gulu Municipality	Gulu Village SACCO
10	Mukono	Ntenjeru	Kisoga SACCO
11	Wakiso	Entebbe Municipality	Kiwafu Cooperative SACCO Ltd
12	Masaka	Kalungu	Lukaya SACCO
13	Mbarara	Rwampara	Mwizi Cooperative SACCO
C	Cluster 3: South West		
14	Bushenyi	Sheema	Bugongi SACCO
15	Bushenyi	Mutara	Mutara Development SACCO
16	Rukungiri	Rubabo	Rubabo Peoples Coop SACCO
17	Ntungamo	Rushenyi	Rubaare Modern SACCO Ltd
18	Kabale	Rukiga	Rukiga SACCO
19	Kabarole	Buruhya	Kijura SACCO
20	Kasese	Bukonzo	Ikongo Rural SACCO

Annex 2: Qualifications and Experience of Various SACCO Staff

The Table below indicates the Title, Academic and Professional qualifications and experience of the entire Accounting/Audit staff in the SACCOs visited (starting with the most senior staff members).

No.	District Name	SACCO Name	Staff Members Details			
			Title	Academic Qualification	Professional Qualifications	Relevant Experience (No. of Years)
1	Gulu	Gulu Village Sacco	Manager	O-Level Certificate	Diploma in Banking	27
2	Gulu	Gulu Village Sacco	Loan Officer	A-level	Book Keeping Certificate	5
3	Gulu	Gulu Village Sacco	Cashier	P 7	Certificate in Banking	5
4	Gulu	Gulu Village Sacco	Mobilizer	O-Level	Certificate in Banking	5
5	Kampala	Mulago 11 Cooperative Sacco	Loan Officer	Bachelor of Commerce (Accounting)	-	2
6	Kampala	Mulago 11 Cooperative Sacco	Cashier	A-Level	Diploma in Business Studies	4
7	Kampala	Mulago 11 Cooperative Sacco	Loan Officer	BA (Economics)	-	4
8	Wakiso	Kiwafu Co-op Sacco	Manager	A-Level	Diploma in Business Administration	5
9	Wakiso	Kiwafu Co-op Sacco	Accountant	A-Level	Diploma in Business Studies	7
10	Mbarara	Mwizi Sacco Ltd	Manager	Bachelor of Arts (Social Sciences)	-	3
11	Mbarara	Mwizi Sacco Ltd	Cashier	O-Level	Certificate in Accountancy	3
12	Mbarara	Mwizi Sacco Ltd	Assistant Cashier	O	Certificate in Accountancy	1
13	Mbarara	Mwizi Sacco Ltd	Loan Officer	O	Certificate in Accountancy	7
14	Masaka	Lukaya Sacco	Manager	O-Level	Diploma in Business Education	10
15	Masaka	Lukaya Sacco	Loan Officer (Senior)	A-Level	Higher Diploma in Marketing	4
16	Masaka	Lukaya Sacco	Loan Officer	A-Level	-	6
17	Masaka	Lukaya Sacco	Cashier	O-Level	-	7
18	Mukono	Kisoga Sacco	Manager	A-Level	Diploma in Business Studies	9
19	Mukono	Kisoga Sacco	Accountant	A-Level	Certificate	12
20	Mukono	Kisoga Sacco	Cashier	A-Level	Certificate	3
21	Kabale	Rukiga Sacco	Manager	A-Level	CPA 3 Higher Diploma in Marketing	5
22	Kabale	Rukiga Sacco	Accountant	A-Level	CPA 2 Diploma in Business Studies	4
23	Kabale	Rukiga Sacco	Banking Assistant	A-Level	Diploma in Business Studies	2
24	Kabale	Rukiga Sacco	Banking Assistant	A-Level	Diploma in Business Studies	1
25	Kabale	Rukiga Sacco	Banking Assistant	A-Level	Diploma in Business Studies	2

No.	District Name	SACCO Name	Title	Academic Qualification	Professional Qualifications	Relevant Experience
26	Kabale	Rukiga Sacco	Banking Assistant	A-Level	Diploma in Business Studies	4
27	Kabale	Rukiga Sacco	Banking Assistant	A-Level	Diploma in Business Studies	4
28	Kabale	Rukiga Sacco	Banking Assistant	A-Level	Diploma in Business Studies	1
29	Kabale	Rukiga Sacco	Loans Officer	A-Level	Diploma in Business Studies	4
30	Kabarole	Kijura Sacco	Manager	O-Level	Certificate in Risk Management	8
31	Kabarole	Kijura Sacco	Loans Officer	A-Level	Certificate in Book Keeping	4
32	Kabarole	Kijura Sacco	Loans Officer	A-Level	Certificate in Book Keeping	3
33	Kabarole	Kijura Sacco	Cashier	O-Level	-	10
34	Kabarole	Kijura Sacco	Records Assistant	O-Level	Certificate in Book Keeping	4
35	Kasese	Ikongo Rural Sacco	Manager	Bachelor of Arts (Social Administration)	-	1
36	Kasese	Ikongo Rural Sacco	Accounts Assistant	O-Level	Certificate in Book Keeping	10
37	Kasese	Ikongo Rural Sacco	Loan Officer	Bachelor of Arts (Social Administration)	-	1
38	Kasese	Ikongo Rural Sacco	Cashier	A-Level	Diploma in Business Studies	3/4
39	Kasese	Ikongo Rural Sacco	Field Officer	A-Level	Diploma in Business Studies	1/6
40	Kasese	Ikongo Rural Sacco	Ledger Keeper	A-Level	Diploma in Business Studies	1/2
41	Kasese	Ikongo Rural Sacco	Front Desk Officer	O-Level	-	1/2
42	Rukungiri	Rubabo Peoples Sacco	Manager	A-Level	Diploma in Business Studies	20
43	Rukungiri	Rubabo Peoples Sacco	Acting Branch Manager	A-Level	Diploma in Marketing	4
44	Rukungiri	Rubabo Peoples Sacco	Accountant	BBA (Purchasing & Supplies)	-	1
45	Rukungiri	Rubabo Peoples Sacco	Loan Officer	A-Level	Diploma in Business Studies	1
46	Rukungiri	Rubabo Peoples Sacco	Cashier	A-Level	Diploma in Business Studies	2
47	Rukungiri	Rubabo Peoples Sacco	Cashier/Secretary	A-Level	Diploma in Business Studies	8
48	Rukungiri	Rubabo Peoples Sacco	Loan Officer	A-Level	Diploma in Business Studies	8
49	Rukungiri	Rubabo Peoples Sacco	Loan Officer	A-Level	Diploma in Business Studies	3
50	Ntungamo	Rubaare Modern Rural Sacco	Manager	Bachelor of Microfinance	Diploma in Accountancy	11
51	Ntungamo	Rubaare Modern Rural Sacco	Accountant	A-Level	Diploma in Business Studies	7

No.	District Name	SACCO Name	Title	Academic Qualification	Professional Qualifications	Relevant Experience
52	Ntungamo	Rubaare Modern Rural Sacco	Loans Officer	A-Level	Diploma in Business Studies	4
53	Ntungamo	Rubaare Modern Rural Sacco	Loans Officer	A-Level	Diploma in Business Studies	2
54	Ntungamo	Rubaare Modern Rural Sacco	Branch Manager	A-Level	Diploma in Business Administration	5
55	Ntungamo	Rubaare Modern Rural Sacco	Cashier	A-Level	Diploma in Secretarial	5
56	Ntungamo	Rubaare Modern Rural Sacco	Cashier	O-Level	-	4
57	Ntungamo	Rubaare Modern Rural Sacco	Office Assistant	O-Level	-	2
58	Bushenyi	Bugongi Peoples Sacco	Manager	BA (Economics)	-	6
59	Bushenyi	Bugongi Peoples Sacco	Accountant	BA(Social Administration)	-	3
60	Bushenyi	Bugongi Peoples Sacco	Loans Officer	A- Level	Diploma in Business Studies	3
61	Bushenyi	Bugongi Peoples Sacco	Cashier	A-Level	Diploma in Business Studies	6
62	Bushenyi	Bugongi Peoples Sacco	Cashier	A-Level	Diploma in Business Studies	3
63	Bushenyi	Bugongi Peoples Sacco	Office Attendant	O-Level	-	6
64	Bushenyi	Mutara Development Sacco	Manager	BA (Economics)	-	2
65	Bushenyi	Mutara Development Sacco	Accountant	A- Level	Diploma in Business Studies	1/2
66	Bushenyi	Mutara Development Sacco	Loans Officer	A-Level	Diploma in Education Business	4
67	Bushenyi	Mutara Development Sacco	Cashier	A-Level	Diploma in Business Studies	4
68	Bushenyi	Mutara Development Sacco	Office Attendant	O-Level	-	2
69	Bugiri	Bugiri Agency for Youth Development	Secretary Manager	A-Level	Diploma in Social Work and Social Administration	4
70	Bugiri	Bugiri Agency for Youth Development	Loans Officer	O-Level	Certificate in Business Studies	1
71	Bugiri	Bugiri Agency for Youth Development	Cashier	O-Level	Certificate in Accountancy	3
72	Busia	Busia Teachers Sacco	SEC Manager	A-Level	Diploma in Accountancy	2
73	Tororo	Tororo Municipal Council Workers Sacco	Accountant - Treasurer	A-Level	Diploma in Finance	4
74	Tororo	Tororo Municipal Council Workers Sacco	Chairman	A-Level	Diploma in Business Administration	4
75	Tororo	Tororo Municipal Council Workers Sacco	Secretary	A-Level	Diploma in Business Studies	4
76	Mbale	National Rural and Urban Sacco	General Manager	Bachelor of Commerce	CPA	2
77	Mbale	National Rural and Urban Sacco	Accountant	A-Level	Diploma in Business Administration	5

No.	District Name	SACCO Name	Title	Academic Qualification	Professional Qualifications	Relevant Experience (No. of Years)
78	Mbale	National Rural and Urban Sacco	Credit Officer	Bachelor of Public Administration	Diploma in Business Studies	1
79	Mbale	National Rural and Urban Sacco	Cashier	A-Level	Diploma in Secretarial Studies	1
80	Mbale	National Rural and Urban Sacco	Branch Manager	A-Level	Diploma in Accountancy	½
81	Mbale	National Rural and Urban Sacco	Credit Assistant	A-Level	Diploma in Business Studies	1
82	Mbale	National Rural and Urban Sacco	Cashier	Degree in Business Studies	-	1
83	Mbale	National Rural and Urban Sacco	Branch Manager	Bachelor of commerce	-	1
84	Mbale	National Rural and Urban Sacco	Credit Officer	A-Level	Diploma in Entrepreneurship Development	1.5
85	Mbale	National Rural and Urban Sacco	Cashier	A-Level	Diploma in Secretarial Studies	1
86	Iganga	Kigulu South Sacco	Manager	BA (Economics)	ACCA Associate	4
87	Iganga	Kigulu South Sacco	Volunteer Accountant	A-Level	Diploma in SEC Education	2
88	Iganga	Kigulu South Sacco	Volunteer Loan Officer	A-Level	Diploma in Business Studies	2
89	Iganga	Kigulu South Sacco	Records Officer	A-Level	Diploma in Business Studies	3
90	Kamuli	Kamuli Twisania Sacco	Manager	O-Level	Certificate in Teaching – G3	5
91	Kamuli	Kamuli Twisania Sacco	Cashier	A-Level	Diploma in Journalism	4
92	Kamuli	Kamuli Twisania Sacco	Loan Officer	BBA (Accounting)	-	2
93	Jinja	Jinja Municipal Council Sacco	Manager	A-Level	-Diploma in Cooperatives -Certified SACCO Professional Stage 2	30
94	Jinja	Jinja Municipal Council Sacco	Accountant	BBA(Human Resource Management)	-	1
95	Jinja	Jinja Municipal Council Sacco	Loans Officer	BBA(Management and Administration)	Diploma in Business Administration	1
96	Jinja	Jinja Municipal Council Sacco	Book Keeper	A-Level	Diploma in Business Studies	25
97	Jinja	Jinja Municipal Council Sacco	Cashier	A-Level	Diploma in Business Studies	12

Annex 3: Staff Competence Analysis

a) Staff competence Analysis: Current Knowledge areas in Accounting

Specific Knowledge Areas in Accounts	Staff Competence Levels									
	Poor/No Skill		Fair		Good		Very Good		Exceptional	
	Tally	%	Tally	%	Tally	%	Tally	%	Tally	%
Payroll administration	4	20	4	20	3	15	5	25	4	20
Receiving and paying Cash	2	10	2	10	2	10	6	30	8	40
Bank and cash reconciliations	1	5	4	20	3	15	6	30	6	30
Book-keeping (updating cashbooks, loan ledgers, and general ledger accounts)	0	0	2	10	5	25	8	40	5	25
Extracting trial balance and checking for errors of double entry	0	0	2	10	7	35	8	40	3	15
Preparation of financial reports (Profit and loss and balance sheet statements)	1	5	4	20	6	30	6	30	3	15
Computing interest and preparation of loan repayment schedules	0	0	2	10	5	25	11	55	2	10
Reconciling clients records, for savings and loans	0	0	2	10	4	20	9	45	5	25
Managing cash/treasury	2	10	4	20	5	25	7	35	2	10
Making financial decisions	1	5	8	40	5	25	5	25	0	0
Portfolio quality measurement and analysis	1	5	8	40	5	25	6	30	0	0
Setting SACCO targets, projections and preparation of budgets	0	0	8	40	8	40	3	15	1	5
Controlling SACCO budgets and performances according to projections	2	10	5	25	8	40	4	20	1	5
Financial analysis and interpretation	2	10	11	55	2	10	4	20	1	5
Performance evaluations (variance analysis)	2	10	11	55	1	5	4	20	1	5
Maintaining fixed assets register	2	10	7	35	4	20	5	25	2	10
Facilitating internal audit tasks	4	20	3	15	6	30	6	30	0	0
Facilitating external audit tasks	1	5	2	10	8	40	8	40	1	5
Report writing	2	10	4	20	9	45	4	20	1	5
Receiving and responding to telephone enquiries	0	0	3	15	5	25	8	40	3	15
Receiving and responding to e-mails	7	35	1	5	4	20	3	15	0	0
Training staff/Induction of new staff	0	0	4	20	4	20	8	40	2	10
Work Supervision (revising other people's work)	0	0	3	15	5	25	8	40	2	10
Conducting staff appraisals	5	25	4	20	3	15	5	25	1	5

b) Preferred Training Areas in Accounting

Preferred Training Areas/Courses	Staff Preference Levels									
	Not Preferred		Least Preferred		Fairly Preferred		Preferred		Most Preferred	
	Tally	%	Tally	%	Tally	%	Tally	%	Tally	%
Book-keeping	2	10	5	25	4	20	3	15	4	20
Accounts/financial statement preparation	1	5	2	10	6	30	3	15	6	30
Financial analysis and interpretation	1	5	0	0	2	10	5	25	10	50
Cashiering	6	30	3	15	3	15	5	25	0	0
Financial planning and budgeting	0	0	1	5	4	20	2	10	11	55
Loan portfolio quality measurement	1	5	2	10	1	5	3	15	11	55
Cash and bank reconciliation	4	20	5	25	6	30	0	0	3	15
Loan and savings account reconciliation	2	10	5	25	6	30	2	10	3	15
Computerized accounting (accounting package)	3	15	0	0	0	0	1	5	15	75
Performance evaluation and variance analysis	2	10	0	0	3	15	1	5	11	55

Other Preferred Training Areas

Other Preferred Areas/Courses	Frequency	Percent
All aspects of SACCO Management	1	5
Business planning	1	5
Client Appraisal	1	5
Computer packages/Skills	2	10
Customer Care	1	5
Diploma in Microfinance	1	5
Loan Appraisal & Monitoring	2	10
PEARLS Monitoring	1	5
Product Development	3	15
Computing Loans & Savings Interest Rates	2	10
Financial Management	1	5
Fraud control	1	5
Management Information Systems (MIS)	1	5
Staff and member motivation	1	5
Training of Trainers	1	5
Communication Skills	1	5

Loan Tracking Computer System	1	5
Risk management	2	10
Debt management and recovery	1	5
Governance Training	1	5
Marketing skills	1	5
Liquidity management	1	5

c) Special Skills & Knowledge Areas in Computing

Computing Skills and Knowledge Areas	SACCO Staff Competence Levels											
	Poor		Fair		Good		Very Good		Exceptional		No Skill / Non-Response	
	Tally	%	Tally	%	Tally	%	Tally	%	Tally	%	Tally	%
MS-Office												
MS-Word	2	10	6	30	5	25	2	10	1	5	4	20
MS-Excel	3	15	3	15	5	25	4	20	1	5	4	20
Internet Explorer	10	50	2	10	2	10	1	5	0	0	5	25
Accounting Software											11	55
QuickBooks Pro	9	45	0	0	0	0	0	0	0	0	11	55
SAGE	9	45	0	0	0	0	0	0	0	0	11	55
AccPack	9	45	0	0	0	0	0	0	0	0	11	55
Pastel	8	40	0	0	1	5	0	0	0	0	11	55
SUN Systems	9	45	0	0	0	0	0	0	0	0	11	55
SACCO/MFI Software												
Financial Solutions	5	25	0	0	1	5	2	10	0	0	12	60
Loan Performer	7	35	3	15	0	0	0	0	0	0	10	50
MIFOS	8	40	0	0	0	0	0	0	0	0	12	60
E-Susu	8	40	0	0	0	0	0	0	0	0	12	60
Siem	8	40	0	0	0	0	0	0	0	0	12	60
Navision Solution	8	40	0	0	0	0	0	0	0	0	12	60
FSA Master	0	0	0	0	1	5	0	0	1	5	18	90
MIS Express	0	0	1	5	0	0	0	0	0	0	19	95
SACCO Express	0	0	0	0	1	5	0	0	0	0	19	95

Annex 4: Comparison of SACCO Membership, Staffing Levels and Accounting Systems

4-1: Number of SACCO Members and Number of Employees

		Number of the SACCO Members						
		Below 250 Members	251-500 Members	501-750 Members	751-1000 Members	Above 1000 Members	Total	Percent
How many employees does the SACCO have?	2.00		1				1	5
	3.00	1	1		1		3	15
	4.00			2	1	1	4	20
	5.00		1		2	1	4	20
	6.00					2	2	10
	7.00				1		1	5
	8.00					1	1	5
	9.00					3	3	15
	25.00					1	1	5
Total		1	3	2	5	9	20	
Percent		5	15	10	25	45		

4-2: How many employees are at management level? Vs Number of the SACCO Members

		Number of the SACCO Members						
		Below 250 Members	251-500 Members	501-750 Members	751-1000 Members	Above 1000 Members	Total	Percent
How many employees are at management level?	1.00		3	1	3	3	10	50
	2.00				2	3	5	25
	3.00	1		1		2	4	20
	7.00					1	1	5
Total		1	3	2	5	9	20	
Percent		5	15	110	25	45		

4-3: How many employees are at support level? Vs Number of the SACCO Members

		Number of the SACCO Members				Total	Percent
		251-500 Members	501-750 Members	751-1000 Members	Above 1000 Members		
How many employees are at support level?	1.00	1	1		1	3	15
	2.00	1		1		2	10
	3.00		1	3		4	20
	4.00	1		1	2	4	20
	5.00				1	1	5
	6.00				3	3	15
	7.00				1	1	5
	18.00				1	1	5
	Total	3	2	5	9	19	
	Percent	15	10	25	45		

4-4: Accounting Systems in Use versus Staff Size

		What system of accounting does the SACCO use?				Total	Percent
		Manual book-keeping	Partly manual/ partly computerized	Computerized accounting	Other		
How many employees does the SACCO have?	2.00	1				1	5
	3.00	2	1			3	15
	4.00	3		1		4	20
	5.00	1	3			4	20
	6.00	1	1			2	10
	7.00		1			1	5
	8.00		1			1	5
	9.00	3				3	15
	25.00			1		1	5
	Total	11	8	1		20	
	Percent	55	40	5	0		

4-5: SACCO Size (membership) Versus Accounting System in Use

		What system of accounting does the SACCO use?					
		Manual book-keeping	Partly manual/ partly computerized	Computerized accounting	Other	Total	Percent
Number of the SACCO Members	Below 250 Members		1			1	5
	251-500 Members	2	1			3	15
	501-750 Members	2				2	10
	751-1000 Members	2	2	1		5	5
	Above 1000 Members	5	4			9	45
	Total	11	8	1		20	
	Percent	55	40	5			

4-6: SACCO Size (Membership) Versus Employees' Educational Level

Is there a relationship between SACCO size and educational level of their SACCO staff?

		What is the highest level of education you have attained?				
		High school / Secondary	College	University	Total	Percent
Number of the SACCO Members	Below 250 Members		1		1	5
	251-500 Members		3		3	15
	501-750 Members		2		2	10
	751-1000 Members	1	3	1	5	25
	Above 1000 Members	2	4	3	9	45
	Total	3	13	4	20	
	Percent	15	65	20		

4-7: Size of SACCO (membership) Versus Frequency of Financial Statements Preparation

How often do various SACCOs (in terms of size) prepare financial statements?

		How often are the financial statements prepared?				
		Monthly	Quarterly	Annually	Total	Percent
Number of the SACCO Members	Below 250 Members			1	1	5
	251-500 Members	1	2		3	15
	501-750 Members	2			2	10
	751-1000 Members	3		2	5	25
	Above 1000 Members	8	1		9	45
	Total	14	3	3	20	
	Percent	70	15	15		

Annex 5: Common problems with SACCO financial statements (√)

Name of the SACCO	Balance sheet not balancing	Arithmetic errors	Misclassification of items	Inconsistency in presentation and treatment	No adequate supporting notes/schedules	Disclosure not professional
Gulu Village			√			
Mulago II Coop		√		√	√	
Kiwafu Coop						
Mwizi Coop	√		√		√	
Lukaya	√	√	√			
Kisoga	√	√				
Rukiga		√	√		√	
Kijura				√		
Ikongo Rural		√	√	√		√
Rubabo peoples' Coop	√		√			
Rubaare Modern Ltd.			√			
Bugongi	√					
Mutara Development						√
Bugiri Agency for Youth Development						
Busia Teachers'	√					√
Tororo		√		√		
National Rural	√		√	√		√
Kigulu South		√				
Kamuli Twisania						√
Jinja Municipal Council Staff			√			
Kiwafu (financials not obtained)						
Tally	7	7	9	5	3	5
Percentage of total (20)	35%	35%	45%	25%	15%	25%

Annex 6: Proposed Competence Model for SACCO Accountants and Auditors

Task to be Accomplished	Skills/Knowledge Required	Attitude Required	Training content	Source Materials
General Understanding SACCO business environment	<ul style="list-style-type: none"> Ability to differentiate SACCO business from other business entities. Have knowledge on what co-operatives are, why they are formed and how they operate 	<ul style="list-style-type: none"> Appreciate the unique and special purpose of SACCO of pooling together their little financial resources to reduce their poverty and vulnerability to shocks 	<ul style="list-style-type: none"> Introduction to poverty dynamics (how the poor earn their money and spend it) Introduction to financial system in Uganda Types of financial systems especially microfinance institutions What SACCOs are, how they operate 	<ul style="list-style-type: none"> Co-operative statutes and regulations
SACCO Formation and management structures	<ul style="list-style-type: none"> Knowledge on SACCO laws and regulations Knowledge of the SACCO formation procedures Ability to relate and apply the Regulations and laws with local environment widening the eligibility 	<ul style="list-style-type: none"> Sound SACCO could help alleviate poverty 	<ul style="list-style-type: none"> Overview of the Co-operatives statutes What the Law says about the formation and operations of SACCOs 	<ul style="list-style-type: none"> SACCO Act and Regulations UCA Accounting and Operations Manual
SACCO Books and Records	<ul style="list-style-type: none"> Knowledge of basic SACCO records and books to be kept 	<ul style="list-style-type: none"> Appreciate the need for these records and books 	<ul style="list-style-type: none"> Review of sample documents, records and books kept by SACCOs 	<ul style="list-style-type: none"> UCA Accounting and Operations Manual
Book-keeping and Recording	<ul style="list-style-type: none"> Basic accounting skills in bookkeeping and double entry Knowledge on what accounting is and the theory behind accounting 	<ul style="list-style-type: none"> Appreciate the moral obligation for accountability and transparency on members' funds. 	<ul style="list-style-type: none"> Basic accounting principles and practices such as double entry systems, accounting concepts, accounting equation and accounting process 	<ul style="list-style-type: none"> Accounting Textbooks, UCA Accounting and Operations Manual
Cashiering (Receiving and paying cash)	<ul style="list-style-type: none"> Ability to perform cash counting and give right change Ability to reconcile the cash balance with cash at hand Knowledge of the process of receipting, payment and balancing 	<ul style="list-style-type: none"> Appreciate the need to confirm cash received, pay the right amount and reconcile the cash with records 	<ul style="list-style-type: none"> Cash counting Cash reconciliation Detecting errors, mistakes and fraud cases by members or customers 	<ul style="list-style-type: none"> UCA Accounting and Operations Manual Other

Task to be Accomplished	Skills/Knowledge Required	Attitude Required	Training content	Source Materials
	cash			accounting books
Updating Cash books	<ul style="list-style-type: none"> • Ability to perform double entry in every cash transaction • Ability to tell the effects of a cash transaction • Knowledge of what a cashbook is, what is a cash transaction, how and why we need to record it. 	<ul style="list-style-type: none"> • Appreciate the purpose of a cashbook and why it should be updated regularly. 	<ul style="list-style-type: none"> • Contents of a cashbook, how to maintain a cash book, balancing and closing cash book at the end of the period. • Reconciling cashbooks with cash in hand and at bank. 	<ul style="list-style-type: none"> • UCA Accounting and Operations Manual • Accounting textbooks
Cash (treasury) Management	<ul style="list-style-type: none"> • Ability to compute cost of money and determine appropriate liquidity • Knowledge how cash facilitates business, costs associated with cash and ways of maximizing benefits from available cash 	<ul style="list-style-type: none"> • An appreciation that cash does not earn if held as it is (and in fact it loses value) yet it has power to influence wealth creation. 	<ul style="list-style-type: none"> • Cash flow projections • Cash need analysis • Liquidity analysis • Banking and maintenance of bank accounts • Treasury management (determination of where to invest cash for maximum returns) 	<ul style="list-style-type: none"> • UCA Accounting and Operations Manual • WOCCU Accounting Guidelines
Accounting for Loans	<ul style="list-style-type: none"> • Ability to compute loan interest and prepare loan schedule • Ability to treat loan transactions • Ability to identify risks involved in lending • Ability to reconcile loan accounts • Knowledge of loan transactions and their impact onto the SACCO 	<ul style="list-style-type: none"> • An appreciation of the importance and sensitivity of loans as an earning asset in the SACCO 	<ul style="list-style-type: none"> • Handling loan applications and appraisals • Interest computation and charging • Treatment of loan transactions like disbursement and repayment • Loan provisioning • Loan account reconciliation 	<ul style="list-style-type: none"> • UCA Accounting and Operations Manual • WOCCU Accounting Guidelines
Accounting for Savings	<ul style="list-style-type: none"> • Ability to compute savings interest, accrue and post per account • Ability to treat savings transactions correctly • Ability to reconcile savings accounts • Knowledge of savings transactions and their impact onto the SACCO 	<ul style="list-style-type: none"> • An appreciation of the importance and how valuable they are to members and the SACCO 	<ul style="list-style-type: none"> • Interest computation and paying • Treatment of savings transactions like deposits and withdrawals 	<ul style="list-style-type: none"> • UCA Accounting and Operations Manual • WOCCU Accounting Guidelines
Accounting for Share capital	<ul style="list-style-type: none"> • Ability to treat shares transactions correctly • Ability to maintain and update shares 	<ul style="list-style-type: none"> • An appreciation of the importance of shares in the SACCO and need for 	<ul style="list-style-type: none"> • Handling share applications and share contributions • Treatment of share transactions 	<ul style="list-style-type: none"> • UCA Accounting and

Task to be Accomplished	Skills/Knowledge Required	Attitude Required	Training content	Source Materials
	<ul style="list-style-type: none"> register • Ability to reconcile shares accounts • Ability to compute dividends and advise on dividends to be paid to members • Able to differentiate shares from savings • Knowledge of shares transactions and their importance to the SACCO 	<ul style="list-style-type: none"> proper accountability to members 	<ul style="list-style-type: none"> (contributions and withdrawal or loan offsetting) • Dividend computation and determination 	<ul style="list-style-type: none"> Operations Manual • WOCCU Accounting Guidelines
Accounting for SACCO Expenses	<ul style="list-style-type: none"> • Ability to identify SACCO expenses and account for them • Ability to classify SACCO expenses correctly • Ability to compute cost of funds (internally generated and/or borrowed) • Knowledge of SACCO expenses, their treatment and impact into the SACCO business 	<ul style="list-style-type: none"> • An appreciation that expenses reduce the profitability of the SACCO and unless necessary for the operation of the SACCO, they should be avoided 	<ul style="list-style-type: none"> • What are expenses and how they arise • Treatment of expenses in the books of account • Expense analysis • Cost of funds computation 	
Accounting for SACCO income	<ul style="list-style-type: none"> • Ability to identify sources of income and treat them correctly • Ability to account for all SACCO incomes • Knowledge of SACCO operations that generate incomes and importance of this income 	<ul style="list-style-type: none"> • Appreciate the need to account for all incomes of the SACCO and its role in the sustainability and growth of the SACCO 	<ul style="list-style-type: none"> • Sources of income • Treatment of these income related transactions • Income analysis 	
Payroll accounting and administration	<ul style="list-style-type: none"> • Ability to prepare payroll for staff • Ability to effect statutory deductions and submit accordingly • Knowledge of the tax laws and policy on staff • Knowledge of the penalties that accrue for non-remittances 	<ul style="list-style-type: none"> • An appreciation of the need to have formal payroll records with statutory deductions duly filed and submitted to relevant authorities 	<ul style="list-style-type: none"> • Income taxes • Other staff statutory deductions 	<ul style="list-style-type: none"> • Uganda Income Tax laws •
Statutory Deductions and Reserves	<ul style="list-style-type: none"> • Ability to effect end of year reserve provisions (General reserve and statutory reserve) • Knowledge of SACCO reserve accounts and their purposes and how to maintain them 	<ul style="list-style-type: none"> • Need to keep and separate these reserve accounts 	<ul style="list-style-type: none"> • Reserve accounts • Treatment of transactions related to reserve accounts 	

Task to be Accomplished	Skills/Knowledge Required	Attitude Required	Training content	Source Materials
Fixed Asset management and Registry	<ul style="list-style-type: none"> • Ability to determine the value of a fixed asset (asset valuation) • Ability to treat asset transactions (purchase, disposal or loss due to theft or damage) • Ability to compute depreciation • Knowledge on what a fixed asset is, why they are necessary and records necessary t be kept • Knowledge on theory behind depreciation 	<ul style="list-style-type: none"> • Need to keep a register for all long-term assets 	<ul style="list-style-type: none"> • Asset classification and coding • Creation and updating Fixed Asset register • Assets depreciation and posting 	
Loan portfolio management (quality measurement and control)	<ul style="list-style-type: none"> • Ability to measure the quality of the loan portfolio • Ability to calculate quality indicators • Ability to assess and issue good loans • Knowledge of the factors that lead to loan delinquency • Knowledge on how to collect loans falling into arrears 	<ul style="list-style-type: none"> • Appreciation of the need to have loans that get paid in time • That loans are made out of members money that should be recovered 	<ul style="list-style-type: none"> • Loan appraisal techniques and processes • Loan disbursement • Loan age analysis • Loan quality measurement • Loan monitoring and follow up • Loan recovery 	
Asset and Liability management??	<ul style="list-style-type: none"> • Ability to invest money in assets that maximize returns to the SACCO • Ability to control risks related with borrowing and lending • Knowledge of the relationship between assets and liabilities and the mix that maximizes returns. 	<ul style="list-style-type: none"> • Appreciation of the relationship of the balance sheet items and why this relationship is important. 		
Risk management	<ul style="list-style-type: none"> • Ability to quantify and measure risk • Ability to devise ways of reducing these risks • Knowledge of what risks are, how they are measured and how to mitigate them 	<ul style="list-style-type: none"> • Appreciation that risks need to be reduced to increase chances of creating wealth 		
Safe custody of SACCO documents	<ul style="list-style-type: none"> • Knowledge of how to keep assets safe the SACCO assets. • 	<ul style="list-style-type: none"> • Appreciation that safe keeping of SACCO assets it the sole responsibility of the accountant 		
Internal Controls	<ul style="list-style-type: none"> • Ability to set up adequate controls/checks to enable the SACCO to detect errors, mistakes, omissions or malpractices. 	<ul style="list-style-type: none"> • Good internal controls help check excesses, oversights and tend reinforce good 		

Task to be Accomplished	Skills/Knowledge Required	Attitude Required	Training content	Source Materials
	<ul style="list-style-type: none"> • Ability to implement and practice good internal controls systems • Knowledge of what internal controls are, why they are necessary 	<p>performance</p> <ul style="list-style-type: none"> • Internal controls are not set to limit freedom of staff doing their work but ensure proper accountability and transparency 		
Report preparation and Reporting	<ul style="list-style-type: none"> • Ability to prepare profit and loss statements, balance sheet • Ability to interpret the information contained in these reports. • Knowledge of the contents and purpose of the financial reports 	<ul style="list-style-type: none"> • Appreciation of the need to account for the SACCO activities regularly • Appreciation that this is the primary task of accounting officers 	<ul style="list-style-type: none"> • Extracting trial balance • Preparation of profit and loss statement • Preparation of balance sheet • Interpretation of financial information 	<ul style="list-style-type: none"> • Accounting textbooks
Performance Evaluation	<ul style="list-style-type: none"> • Ability to analyze cost recovery and profitability • Ability to measure efficiency • Knowledge of the relationship between SACCO activities and financial impact 	<ul style="list-style-type: none"> • Appreciation that the end result of the SACCO activities is to create maximum benefits to members 	<ul style="list-style-type: none"> • Break even analysis • Sustainability analysis • Ratio analysis 	
Planning and Budgeting	<ul style="list-style-type: none"> • Ability to forecast future activities and desired outcomes • Ability to translate the SACCO vision and mission into actionable programmes. • Ability to generate financial plans budgets) • Knowledge of the planning process, challenges and benefits 	<ul style="list-style-type: none"> • Appreciate that the future could be influenced in a systematic way • That resources are scarce and their use must give the maximum results 	<ul style="list-style-type: none"> • What planning and budgeting is • How to prepare financial plans • How to use budgets • Variance analysis 	
Facilitation of Internal Audit	<ul style="list-style-type: none"> • Knowledge of what audit is and why it is necessary • Knowledge of internal and external audit • Knowledge the audit process 	<ul style="list-style-type: none"> • Audit is not policing, witch hunting or looking for mistakes BUT about strengthening the internal operating systems to ensure that everything is done properly 	<ul style="list-style-type: none"> • What is audit and its purpose • Types of audits • Type of audit reports • 	
The Role of Accountants in SACCO business	<ul style="list-style-type: none"> • Ability to advice the SACCO on financial matters • Ability to guide the SACCO to profitability and wealth creation • Knowledge of heir role as chief 	<ul style="list-style-type: none"> • That accountants are professionals engaged to advise SACCOs and are expected to expedite these with care 	<ul style="list-style-type: none"> • Work and functions of accountants • Interpretation of financial statements • Financial analysis and decision 	

Task to be Accomplished	Skills/Knowledge Required	Attitude Required	Training content	Source Materials
	financial advisers <ul style="list-style-type: none"> • Knowledge of their fiduciary role within the SACCO 		making	
Computerized Accounting	<ul style="list-style-type: none"> • Ability to work with computers • Ability to enter financial data into a computerized accounting software • Ability to check accuracy of the data entered through audit trail and other reports • Knowledge of accounting and how accounting software work 	<ul style="list-style-type: none"> • Computers are there to ease the accounting work but not to replace personnel. • Computerized accounting systems are designed based on accounting principles. 	<ul style="list-style-type: none"> • Basic computer skills • Computer packages • Accounting packages • 	

Annex 7: Certification Courses Offered By Various Training Institutions

1. UGANDA COOPERATIVE COLLEGE, KIGUMBA

(A) One Year Certificate Course in Cooperative and Business Administration (Cba)

Subjects:

- Book-keeping and Accounts
- Business communication
- Business Statistics 1
- Economics 1
- Principles of Law
- History and Organization of Cooperatives

NOTE: This is full time Course tenable at Tororo Campus

(B) Two Year Diploma Course in Cooperative and Business Administration (DCBA)

Subjects:

FIRST YEAR:

- Financial Accounting
- Elementary Auditing
- History and Organization of Cooperatives 11
- General Principles of Law
- Economics 11
- Business Statistics 11
- Marketing

SECOND YEAR:

- Financial Accounting 11
- Auditing and Investigations
- Cost Accountancy
- Social Aspects of Cooperation
- Commercial Law
- Business Finance
- Management

NOTE: This is a full course tenable at Kigumba Campus

(C) One Year Diploma Course in Microfinance Management

MODULES:

- Book-Keeping and Accounts
- Micro-Finance Accounting
- Financial Management

- Micro-Financial Methodologies and Practices
- Business Communication and Information Systems
- Legal and Regulator Environment for Micro-Finance
- Entrepreneurship Development and Business Planning
- Strategic Marketing/Customer Care
- Project Development and Assessment
- Economics of Micro-Finance
- Taxation
- Performance Monitoring and Sound Practices Bench Marks
- Human Resource Management
- Operational Risk Management
- Aspects of Cooperative Micro-Finance
- Contemporary Issues in Development

NOTE: This is an evening and weekend programme tenable at Kigumba Campus

2. MICROFINANCE COMPETENCE CENTRE (MCC)

MCC is a department in the Uganda Institute of Bankers

Post Graduate Diploma in Microfinance

Objective of the Course: To create a pool of professionals, with appropriate skills to effectively manage the challenges of growth in the microfinance industry.

Target Participants: This is a professional programme, which admits the following categories of participants:

- University Graduates, in any field of study
- Holders of Diplomas from recognized institutions

Course Modules:

- The Business Environment for Microfinance
- Management and Organization for Microfinance
- Marketing in Microfinance
- Financial Resource Mobilization and Management
- Human Resource Management
- Microfinance Risk Management
- Accounting and Financial Management
- Management Information Systems

Annex 8: Contacts of Respondents

a) **Comments from UCA Auditor, Mukono**

The UCA Auditors are assisting SACCO's under their programme in risk management especially that which is related to cash handling.

- Some SACCOs have cash discrepancies; where cash is claimed to be with some officials or outlet away. This becomes serious if amounts involved are huge.
- Due to low staffing, segregation of duties is not practised. For example, a cashier could be allowed to pick (his/her float) cash from the Safe in the morning and return it in the evening without check by the manager. The key to the safe is left with the manager and no other person (especially from the management committee/treasurer) having a check on what is happening. These scenarios exposes risk to the SACCO and money could be stolen.
- The supervisory committee do not have adequate capacity to perform internal audit functions. They are even afraid of checking cash as a risk area. They focus on general operational issues like disbursements, loan repayment, expenses and member recruitment.
- Conflict of interest among the Board members. Some take loans and appraisals of these requests are not properly done; they do not pay in time and they have no moral strength to follow up those who are not paying. Other Board members find it difficult to deal with one of their own.
- Some SACCOs are weak in debt management, where some borrowers fall in arrears and the Committee does not take actions as stipulated in their credit policy.
- The Board fear to recruit experience staff in fear that they will still their money and in the process quality is compromised.

b) **Discussion with UCA Coordinator, Auditor and field officer in Masaka**

- At formation
 - Some SACCO's don not have proper policies and procedure and operating systems in place
 - UCA has been offering these and training the staff, board and members
- Staffing
 - Education level of members, board and staff has affected performance of most SACCO's. In some cases, documentation and reports are prepared for support institutions but not for use by the SACCO. At times managers have no initiative even to come up with ideas that can promote the SACCO business and wait to be told what to do.
 - Management committees have feared to engage qualified and staff for fear of them stealing, being too mobile or not able to pay them.
 - Management committees are also constituted of persons with little education or if some have necessary skills, are not available.
 - In some cases recruitment of staff is done to their relatives
 - They end up recruiting persons who have not training on SACCO operations and it takes time to build this capacity
- Internal controls
 - SACCOs have a strong feeling that their supervisory committee can do the internal audit but they do not have people who can do the job right. In most cases this internal audit is not functional or rather it is not doing the real internal audit and being a check to the management. Just coming to count cash and checking whether it agrees with the till balance of the cashier is not cash audit!
 - The staffing levels are too low to ensure enough segregation of duties and you may find the cashier being left with all the office keys, access to strong room (safe) when the manager is out for some training.
 - At times managers do not effectively check work of the cashiers and loan officer; maybe they do not attach importance of internal controls.
- Conflict of interest

- When board members default in paying their loans it becomes difficult for them to follow up others. When members realize that some of the board members are not paying they stop paying
- Board members at times take long to fire non-performing staff and which cause conflict within the SACCO. The external auditors or the institution offering technical appears as the one prompting the sacking o the manager or staff.
- Financial reporting, interpretation and decision making
 - Many board members do not understand the financial statements. For example, they could be interested on checking the net profit they have made or increase in expenses without relating such with level of operations. They cannot detect anomalies in the statements.
 - Liquidity management has been a challenge to many SACCOs. Some over disburse while others hold a lot of money with link banks yet they are not converting it into fixed deposits that could earn them a better interest.
 - Decision making process among the SACCO's is very slow. It takes long for some comments made by auditors and external support organizations to be implemented. For example when cash shortages are reported to the board
- Facilities
 - Many SACCO's do not have computers and are operating on manual systems. This process not only takes long but worsens their internal control systems. Where they have to produce typed reports they have to do it manually and take it to a bureau for typing which takes time and is expensive.
 - In some, where there is a computer, it is attached to the cashier and the manager/accountant has to wait and check the work at the end of the day

c) **Discussion with Mukono District Co-operative Officer**

Their role:

- Registration of SACCO's
- Training of board and general members
- Auditing the SACCOs

Challenges they face

- Lack transport to get where the SACCO's are
- They are few
- They lack adequate skills to do the audit
- The SACCO and microfinance environment is changing too fast and they find their knowledge and skills outdated
- The current campaign on "prosperity for all" is leading to political SACCO's that are difficult to supervise.

Annex 9: Contacts of Respondents

No.	Name	Title	Institution	Postal Address	District	Contact
1	Moses Bongomin	General Manager	Gulu Village SACCO	P.O. Box 1057, Gulu	Gulu	0782 378298
2	Nassiwa Lydia	General Manager	Mulago II Coop SACCO	P. O. Box 16560, Mawanda Road	Kampala	0772 249029
3	Francis Katamba	Manager	Kiwafu Coop SACCO	Kitoro, 454 Entebbe	Wakiso	0712 991013
4	Mwesigwa Nicholas	General Manager	Mwizi Coop SACCO	P.O. Box 1029, Mbarara	Mbarara	0752 826277
5	Mutebi George	General Manager	Lukaya SACCO	P.O. Box 149, Masaka, Lukaya	Masaka	0722 453096
6	Mivule Ernest	General Manager	Kisoga SACCO	Box 171 Mukono	Mukono	0782 579794
7	A Asimwe Ivan	General Manager	Rukiga SACCO	Box 37 Kabale	Kabale	0772 898414
8	Bumuhigyire Martin	Manager	Kijura SACCO	Box 701, Kabarole	Kabarole	0772 878418
9	Bwambale Joseph	Accounts Clerk	Ikongo Rural SACCO	Box 513 Bwera Kasese	Kasese	0782 885140
10	Turyahabwe Esau	General Manager	Rubabo peoples' Coop SACCO	Nyarushanje T/center - Rukuwei Box 2022 Kisuzi Rukuwei	Rukungiri	0772 5 29612
11	Tumwesiga Chrispus H.	Accountant	Rubaare Modern Ltd.	P.O. Box 226, Ntungamo	Ntungamo	0772 673237
12	Ashaba Denis	Manager	Bugongi SACCO	Bugongi Trading Centre, Bushenyi	Bushenyi	0772 439669
13	Tumukunde	Accountant	Mutara Devt SACCO	Mutara Trading Centre	Bushenyi	0772 464685
14	Ntalo Davidson	Secretary Manager	Bugiri Agency for Youth Devt	Plot 42B, Kawunywe Wakooli Rd, P.O. Box 250 Bugiri	Bugiri	0772 914828
15	Namaindi Deo	Secretary Manager	Busia Teachers' SACCO	Box 325 Jinja Road Busia	Busia	0772 409806
16	Musoga Christopher	Accountant	Tororo	Tororo Municipal Council Box 17 Tororo plot 13 Kashmir road	Tororo	0772 376496
17	Patrick Galimo	Loan/Credit Officer	National Rural SACCO	Public Street plot 56 , Box 1295 Mbale	Mbale	0772 517685
18	Wamuko John	Manager	Kigulu South Coop SACCO	Plot 14B Kisambira Lane, P.O. Box 165, Iganga	Iganga	0772 481581
19	Edith Awula	Manager	Kamuli Twisania Coop SACCO	P.O. Box 177, Kamuli	Kamuli	0772 873486
20	Kawanguzi Noah	Manager	Jinja Municipal Council Staff	Plot 7 Busoga Square, Jinja	Jinja	0782 854176

			SACCO			
	Samuel Kyalingonza		Uganda Co-operative College	Kigumba	Masindi	0772 695805
	Ken Okiror	Principal	Uganda Co-operative College	Kigumba	Masindi	0772 484388 okirorke@yahoo.com
	David Baguma	Executive Director	AMFIU	Millenium Chambers Entebbe Rd	Kampala	
	Patrick Muumba	CECFIS Deputy Coordinator	UCA	UCA building	Kampala	0772 423612 pmuumba@ca.co.ug
	Samuel Rugaba		TC Team & Co	Carol House	Kampala	0772 624990 team@accamail.com
	Mr F Mwesigye	Commissioner of Co-operatives	MTTI	Farmers House	Kampala	0772 405063

Annex 10: FSDU SACCO Study Stakeholders' Workshop Comments

Workshop held on September 5th, 2007 at Sheraton Hotel Kampala, Uganda

Those Present

- | | |
|-----------------------------|---------|
| 1. Chris Musoke | FSDU |
| 2. Godfrey Jjooga Ssebukulu | FSDU |
| 3. Patrick Muumba | UCA |
| 4. Agnes Mugwanya | SUFFICE |
| 5. Andrew | |
| 6. | |

Comments:

Godfrey Jjooga Ssebukulu – DFID-FSDU:

- The study was conducted under limited time
- “sweeping statements” to be avoided
- 90% of the risk focus is in cash and portfolio management
- Refer to the FINSCOPE report on Financial Access in Uganda for additional information
- The conclusion section appears not to have been written by the same person
- There is a need to enforce standards in the sector

Patrick Muumba - UCA

- There exists a shortage of qualified accountants in Uganda and this is a crisis
- Should the manager the SACCO be an accountant? Or have some knowledge in accounting? The suggestion is that they should have basic understanding in accounting complimented by good managerial skills. For example, someone with a good background in economics and accounting basics can manage a SACCO well
- **On the job-training:** There is a need to provide SACCO staff with on-the-job training; Qualified Accountants may not be willing to work in the rural areas
- **Performance Evaluation Tool (PMT):**
 - The system does not allow for running several companies in the same computer
 - PMT is an industry software
 - There is a need to standardize systems
 - If systems can not consolidate, donors find it easy to introduce there own software – hence end up with a situation where various SACCOs/MFIs using different type of Software
 - Computerised systems would be fine but the country is experiencing power supply crisis
- **Internal Audit**
 - Plan International has been assisting in this area
 - Internal audit and control needs to be improved on. However, the issue is who pays for the costs? SACCOs are not willing to pay for internal audit work and donors may not be willing to pay for this in the long term
- **SACCO Software:** BankMaster is in the process of coming up with a simpler and cheaper software
- **Cooperative Officers:**
 - This is still an issue. Some invokes the law; by asserting that they are custodians of the law.
 - There exists a conflict of interest between practitioners (e.g. those who possess a CPA) and cooperative officers. Professional ethics are lacking
 - Some of the Cooperative officers were recruited as “commercial officers”, who may not possess any accounting or business-related qualifications
 - There exists the issue of “doctoring” of/meddling with the SACCOs (audit operations) by the Accounting officers. Malpractice exists in that while the officers argue that they do not want

- to bring down SACCOs (this is related to provision of true and fair SACCO audits), they still go ahead to encourage formation of more SACCOs. Hence there exists a conflict of interest – since formation of more SACCOs means creation of a bigger ‘external audit market’ for the cooperative officers. However, since the officers still do not provide adequate audit services to the SACCOs, creation of more SACCOs would be counter-productive.
- UCA produced an ‘Accounting and Operations Manual’ but some SACCOs, though having obtained a copy, have been slow in adopting/referring to this tool. The manual also provides audit guidelines.
 - Budget preparation by SACCOs is poor. Although recommended by the various committees/board at the AGM, it takes long to prepare and implement budgets.
 - UCC Kigumba diploma is still a general diploma. A recommendation is for the students to specialize in the second year – e.g. in SACCO Accounting and Audit.
 - SACCOs used to sponsor staff to the college for training.
 - Key colleges could establish constituent colleges/campuses around the country.
 - However, not much investment has been put into training institutions in Uganda.
 - The WOCCU model is promoted by UCSCU and not by the other players in the sector. UCA has blended this model in what they offer.

Agnes Mugwanyanya

- On Recommendations – Include “Rating” since it addresses the key areas mentioned in the report; including decision making.
- Match “Inability to interpret Financial data” with “recruitment procedures” for SACCO accountants
- There is the issue of bringing in staff who are either half-baked or “not baked at all”
- SUFFICE does not feature in the report much, although they support the work of Accountants and Auditors in Uganda.
- Knowledge and skills have been emphasized. However, the issue of “Attitudes required” does not come out clearly.
- **Computerization:**
 - The staff need not only computers, but also training on how to use them.
 - Some SACCOs have received computers from donors in the recent past.

Andrew

- Some SACCOs say, “Computers came to disrupt our operations”.
- How do SACCOs choose their managers and staff? Some SACCO members have qualifications in theology. Some DCOs were recruited as “commercial officers” irrespective of their academic and professional training backgrounds.
- Accounting systems exist under the relevant ministry (i.e., MTTD). However, some SACCO committees/boards coerce qualified managers (some of who possess CPA) to declare dividends. This implies that there is a need to train the boards on best practice Governance.
- The SACCO Law needs to be detailed in order to adequately regulate the SACCOs. Due to weak regulation, SACCOs do not follow the relevant law to the letter. This is a question that needs to be addressed by the relevant policy-making body.
- Cooperative Officer auditing SACCOs need to be ‘stopped’ since these tend to promote formation of new SACCOs – some of which may either under-perform, or work to promote the interests of the cooperative officers.
- Issues of Uganda Cooperative College (UCC)’s location need not be an issue for acceptability of its products
- Provide a section for ‘Conclusion’ followed by “Recommendations”.
- **Statistics:** It is preferred to indicate how many respondents had degrees related to accounting in addition to providing the percentages. **See section 2.1.3.**

- However good a training course is, it won't help if the participants lack basic qualifications (such as Bachelor of Commerce in Accounting; Certificates in Accounting; Accounting Diploma; and Uganda Diploma in Business Studies (UDBS).
 - Accounting training standards in Uganda are weak.
- A regulator for SACCOs in Uganda is needed

Chris Musoke

- Use positive language in the report – e.g. “The Uganda Cooperative College ‘Can’ support training for SACCO Accountants” in stead of ‘Could’.
- Page numbering to be redone
- Problems Accountants face: Box 1 on section 2.1.6 – Clarify what the percentages in the boxes mean. E.g. 20% of respondents? Or is it 20% of SACCO members?).
- Do not make sweeping statements
- Is it that the manual systems do not work or we have ‘bad work men’ lacking the relevant skills set?
- Can we develop a good manual system for SACCOs? – This question goes to the support institutions. The logic is that in the past before computerized systems /technology came, most organizations were capable of producing excellent financial reports using manual systems.
- **Section 2.1.11:**
 - Paragraph 1: Were the errors not identified by the SACCO?
 - What is the calibre of the staff in these/such SACCOs?
- **Section 2.2.3**
 - What about the knowledge of CGAP Audit guidelines?
 - Is it knowledge based?
 - How can we relate this section with CGAP Audit guidelines? This is a critical skill assessment issue since a training has been done/offered
 - CGAP has developed a tool on due diligence for auditors of SACCOs but this has not been used/adapted well
- **Section 2.2.4:**
 - See Mr. Musoke’s comments in this section
- Since only one SACCO had a graduate from the Kigumba College, did the consultant ask other SACCOs why they did not hire graduates from Kigumba? It appears there is supply. But why is there no demand?
- In the methodology, explain what SPSS version 10 was used for.
- Conduct some benchmarking to identify the significance of the 20 SACCOs used versus the population of similar SACCOs out of the **657** in Uganda.
- Accounting technicians may be able to write proper books of accounts for SACCOs
- There is no such a thing as “relevant degree in accounting”. It is the background before the training in accounts that is very important.
- Let’s go for what is achievable since in Uganda there is still inadequate number of qualified accountants.

Annex 11: Tools Used in the Study

Annex 11-1: Accountants Assessment Tool

DFID-Financial Sector Deepening Project – Uganda

Tool for Assessing the Capacity Gaps in the Work and Functions of Accountants of Ugandan SACCOs

Introduction

The DFID Financial Sector Deepening Uganda Project (FSDU) has hired the services of Finline Systems & Management Ltd to assess the capacity gaps of accounting staff of SACCOs in Uganda; to assess and document the deficiencies in the existing accounting training materials for SACCO accountants; to determine the capacity of the existing accounting training materials for SACCOs accountants; and, to assess the knowledge and use of the CGAP Audit guidelines by SACCO external auditors. The main objective of this exercise is to deepen the capacity of Uganda's financial sector to meet the financial needs of poor rural and urban households, micro, small and medium enterprises on a sustainable basis. The information you and others provide will assist us in enabling FSDU to achieve its above stated objectives. Your answers will be handled in the strictest confidence.

SECTION A: GENERAL INFORMATION

[This section is to be filled by SACCO staff involved in preparing financial statements: General Manager, Operations Manager, Branch Manager, Accountant, or Accounts clerk. **The “CODE” column is for Consultants’ use only.**]

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
1.1	Name of Respondent		A1.1
1.2	Gender	1 [] Male 2 [] Female	A1.2
1.3	Age bracket	1 [] 18 - 29 2 [] 30 - 39 3 [] 40 – 45 4 [] Above 45	A1.3
1.4	Name of SACCO		A1.4
1.5	Name of District		A1.5
1.6	What system of accounting does the SACCO use?	1 [] Manual book-keeping 2 [] Partly manual/ partly computerized 3 [] Computerized accounting 4 [] Other (specify) ...	A1.6
1.7	Does the SACCO have accounting policies and procedures manual?	1 [] Yes 2 [] No	A1.7
1.8.1	Have you heard of WOCCU accounting guidelines for SACCOs?	1 [] Yes 2 [] No	A1.8.1
1.8.2	If Yes for 1.8.1 above, have you used them?	1 [] Yes 2 [] No	A1.8.2

SECTION B: WORK AND EXPERIENCE

[This section is to be filled by SACCO staff involved in preparing financial statements: General Manager, Operations Manager, Branch Manager, Accountant, or Accounts clerk. **The “CODE” column is for Consultants’ use only.**]

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
2.1	<p>What is your Job Title / Position in this SACCO?</p> <p><i>(Please tick one box only. If “Other”, provide details in the space provided)</i></p>	<p>1 [] General Manager 2 [] Operations Manager 3 [] Branch Manager 4 [] Accountant 5 [] Business Development Officer 6 [] Loan/Credit Officer 7 [] Accounts Clerk 8 [] Cashier 9 [] Other ...</p>	B2.1
2.2	<p>Which of the following institutions have you worked with before joining this SACCO?</p> <p><i>(Please tick the applicable boxes)</i></p>	<p>1 [] Government (Civil Servant) 2 [] NGO 3 [] Bank 4 [] MFI 5 [] Another SACCO 6 [] Financial Service Association (FSA) 7 [] Other (Specify) ... 8 [] None of the above</p>	B2.2
2.3	<p>If applicable, How long did you work for the organisation mentioned in 2.2 above?</p> <p><i>(Please tick the appropriate box only)</i></p>	<p>1 [] Less than 1 year 2 [] 1 – 2 Years 3 [] 2 – 4 Years 4 [] 4 – 5 Years 5 [] 6 – 10 Years 6 [] Over 10 Years</p>	B2.3
2.4	<p>How Long have you worked with this SACCO?</p> <p><i>(Please tick the appropriate box only)</i></p>	<p>1 [] Less than 1 year 2 [] 1 – 2 Years 3 [] 2 – 4 Years 4 [] 4 – 5 Years 5 [] 6 – 10 Years 6 [] Over 10 Years</p>	B2.4
2.5	<p>Do the duties you perform in your current job closely match your area of interest?</p> <p><i>(Please tick the appropriate box only)</i></p>	<p>1 [] Very Well 2 [] Well 3 [] Partly 4 [] Not at all 5 [] Excellently</p>	B2.5

SECTION C: ACADEMIC AND PROFESSIONAL TRAINING/SKILLS

[This section is to be filled by SACCO staff involved in preparing financial statements: General Manager, Operations Manager, Branch Manager, Accountant, or Accounts clerk. **The “CODE” column is for Consultants’ use only.**]

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
Academic Qualifications			
3.1	What is the highest level of education you have attained? <i>(Please tick the appropriate box)</i>	1 [] Primary School 2 [] High school/Secondary 3 [] College 4 [] University	C3.1
3.2	If ticked YES for College/University in 3.1 above, please specify <i>(e.g. Diploma in Business Management; BBA, etc)</i>	1 [] Diploma in Business Management 2 [] Diploma in Co-operative. Mgt. 3 [] Bachelor of Business Admin. 4 [] Bachelor of Commerce 5 [] Dip. in Co-op. accounting and audit 6 [] Other 1..... 7 [] Other 2..... 8 [] Other 3.....	C3.2
3.3	Are you currently pursuing any part-time Academic training?	1 [] Yes 2 [] No	C3.3
3.4	If Yes in 3.3 above, Please specify the training.	1 [] 2 []	C3.4
Professional Qualifications			
3.5	Which of the following professional courses have you been trained in? <i>(If “Other”, please provide details in the space provided)</i>	1 [] Accountants Technician Certificate 2 [] CPA I 3 [] CPA II or III 4 [] ACCA 5 [] ABE 6 [] None of the above 7 [] Other 1..... 8 [] Other 2.....	C3.5
3.6	Are you currently pursuing any part-time Professional training?	1 [] Yes 2 [] No	C3.6
3.7	If Yes for 3.6 above, please specify.	1 [] 2 []	C3.7
Short-term On-the Job Courses			
3.8	Which of the following short-term / on-the-job courses have you been trained in?	1 [] Front office management 2 [] Book-keeping	C3.8

	(If "Other", please provide details in the space provided)	3 [] Cashiering (receiving and paying) 4 [] Cash management 5 [] Management of SACCO operations 6 [] None of the above 7 [] Other 1..... 8 [] Other 2.....	
3.9	Are you currently undergoing any part-time on-the-job training?	1 [] Yes 2 [] No	C3.9
3.10	If Yes for 3.9 above, Please specify	1 [] 2 []	C3.10

SECTION D: SPECIFIC SKILLS AND KNOWLEDGE AREAS IN ACCOUNTING

[This section is to be filled by SACCO staff involved in preparing financial statements: General Manager, Operations Manager, Branch Manager, Accountant, or Accounts clerk. **The "CODE" column is for Consultants' use only.**]

NO.	CURRENT SKILLS / KNOWLEDGE AREAS	CODES						
4.1	<p>On a scale of 1 – 5, Please indicate your level of proficiency for each of the skills given: Scale for Level of Skills 1 – Poor; 2 – Fair; 3 – Good; 4 – Very Good; 5 – Exceptional</p>							
			1	2	3	4	5	
	4.1.1	Payroll administration						D4.1.1
	4.1.2	Receiving and paying Cash						D4.1.2
	4.1.3	Bank and cash reconciliations						D4.1.3
	4.1.4	Book-keeping (updating cashbooks, loan ledgers, and general ledger accounts)						D4.1.4
	4.1.5	Extracting trial balance and checking for errors of double entry						D4.1.5
	4.1.6	Preparation of financial reports (Profit and loss and balance sheet statements)						D4.1.6
	4.1.7	Computing interest and preparation of loan repayment schedules						D4.1.7
	4.1.8	Reconciling clients records, for savings and loans						D4.1.8
	4.1.9	Managing cash/treasury						D4.1.9
	4.1.10	Making financial decisions						D4.1.10
4.1.11	Portfolio quality measurement and analysis						D41.11	

	4.1.12	Setting SACCO targets, projections and preparation of budgets						D4.1.12																																																																																																																					
	4.1.13	Controlling SACCO budgets and performances according to projections						D4.1.13																																																																																																																					
	4.1.14	Financial analysis and interpretation						D4.1.14																																																																																																																					
	4.1.15	Performance evaluations (variance analysis)						D4.1.15																																																																																																																					
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PREFERRED TRAINING AREAS

Suppose the SACCO was to consider offering you a chance to attend a course of your choice, on a scale of 1-5 [Where 1=Least Preferred; 3=Preferred; and 5=Most Preferred], indicate your preference on each of the following courses:

No.	Type of Skill	Scale					Code
		1	2	3	4	5	
4.2	4.2.1	Book-keeping					D4.2.1
	4.2.2	Accounts/financial statement preparation					D4.2.2
	4.2.3	Financial analysis and interpretation					D4.2.3
	4.2.4	Cashiering					D4.2.4
	4.2.5	Financial planning and budgeting					D4.2.5
	4.2.6	Loan portfolio quality measurement					D4.2.6
	4.2.7	Cash and bank reconciliation					D4.2.7
	4.2.8	Loan and savings account reconciliation					D4.2.8
	4.2.9	Computerized accounting (accounting package)					D4.2.9
	4.2.10	Performance evaluation and variance analysis					D4.2.10
	4.2.11	Other 1 (Specify) ...					D4.2.11
	4.2.12	Other 2 (Specify) ...					D4.2.12
	4.2.13	Other 3 (Specify) ...					D4.2.13
	4.2.14	Other 4 (Specify) ...					D4.2.14
	4.2.15	Other 4 (Specify) ...					D4.2.15

SECTION E: SPECIFIC SKILLS AND KNOWLEDGE AREAS IN COMPUTING

[This section is to be filled by SACCO staff involved in preparing financial statements: General Manager, Operations Manager, Branch Manager, Accountant, or Accounts clerk. **The “CODE” column is for Consultants’ use only.**]

COMPUTER PROFICIENCY																							
5.1	<p>Which of the following computer software are you competent in / able to use?</p> <p><i>(If “Other”, please provide details in the space provided)</i></p> <p>On a scale of 1 – 5, Please indicate your level of proficiency for each of the skills given:</p> <p><u>Scale for Level of Skills</u></p> <p>1 – Poor, 2 – Fair, 3 – Good, 4 – Very Good, 5 – Exceptional</p>																						
			<table border="1"> <thead> <tr> <th>No.</th> <th>Type of Computer Skill</th> <th colspan="5">Scale</th> <th>Code</th> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td></td> </tr> </thead> </table>					No.	Type of Computer Skill	Scale					Code			1	2	3	4	5	
	No.	Type of Computer Skill	Scale					Code															
			1	2	3	4	5																
			<table border="1"> <thead> <tr> <th colspan="2">Basic Microsoft Office Software</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th></th> </tr> </thead> </table>					Basic Microsoft Office Software		1	2	3	4	5									
	Basic Microsoft Office Software		1	2	3	4	5																
	5.1.1	MS-Word						E5.1.1															
	5.1.2	MS-Excel						E5.1.2															
	5.1.3	Internet Explorer/Netscape						E5.1.3															
			<table border="1"> <thead> <tr> <th colspan="2">Accounting Software</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th></th> </tr> </thead> </table>					Accounting Software		1	2	3	4	5									
	Accounting Software		1	2	3	4	5																
	5.1.4	QuickBooks Pro						E5.1.4															
	5.1.5	SAGE						E5.1.5															
	5.1.6	ACCPACK						E5.1.6															
5.1.7	Pastel						E5.1.7																
5.1.8	SUN Systems						E5.1.8																
5.1.9	Other Accounting Software (Specify)....						E5.1.9																

	No.	Type of Computer Skill	Scale					Code
			1	2	3	4	5	
5.1 Cont.		SACCO Software						
	5.1.10	Financial Solutions Software						E5.1.10
	5.1.11	Loan Performer						E5.1.11
	5.1.12	MIFOS						E5.1.12
	5.1.13	E-Susu						E5.1.13
	5.1.14	Siem						E5.1.14
	5.1.15	Navision Solution						E5.1.15
	5.1.16	Other (Specify)						E5.1.16
5.2	Are you currently pursuing any part-time Computer Courses?	1 [] Yes 2 [] No					E5.2	
5.3	If Yes for 5.2, please specify	1 [] 2 []					E5.3.1 E5.3.2	

SECTION F: FINANCIAL REPORTS PREPARATION AND AUDIT

[This section is to be filled by SACCO staff involved in preparing financial statements: General Manager, Operations Manager, Branch Manager, Accountant, or Accounts clerk. **The "CODE" column is for Consultants' use only.**]

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
6.01	Does the SACCO prepare financial statements (Income and expenditure statement and balance sheet)?	1 [] Yes 2 [] No	F6.1
6.02	How often are the financial statements prepared?	1 [] Monthly 2 [] Quarterly 3 [] Semi-annually 4 [] Annually 5 [] Other (specify)	F6.2
6.03	Which period is covered by your latest financial statements prepared for?	1 [] Last Month (July 2007) 2 [] June 2007 3 [] May 2007 4 [] April 2007 5 [] First Quarter for 2007 (March 2007) 6 [] Last year (December 2006) 7 [] Other (Specify) ...	F6.3
6.04	Are these financial statements reviewed by the management committee?	1 [] Yes 2 [] No	F6.4

6.05	How often do they review them?	1 [] Before 15 th of the following month 2 [] Before end of the following month 3 [] Within two months of report date 4 [] Quarterly 5 [] Semi-Annually 6 [] Once in a year 7 [] Other (specify) ...	F 6.5
6.06	Do the management committee give comments on the financial statements?	1 [] Yes 2 [] No	F6.6
6.07	If Yes for 6.06 above, are these comments later incorporated into future accounts?	1 [] Yes 2 [] No	F6.7
6.08	What problems do you encounter in the accounting process? <i>(Tick all the applicable boxes from the list provided)</i>	1 [] Members do not avail documents in time	F6.8.1
		2 [] My accounts do not balance	F6.8.2
		3 [] I don't know how to record some transactions	F6.8.3
		4 [] I don't know how to update cashbook	F6.8.4
		5 [] I don't know how to update loan ledger	F6.8.5
		6 [] I don't know how to update general ledger	F6.8.6
		7 [] I don't know how to prepare financial reports	F6.8.7
		8 [] I have too much work than I can handle	F6.8.8
		9 [] I don't know how to reconcile a cashbook	F6.8.9
		10 [] Other ...	F6.8.10
		11 [] Other ...	F6.8.11
		12 [] Other ...	F6.8.12
6.09	Is your supervisor aware of these weaknesses/ problems?	1 [] Yes 2 [] No	F6.9
6.10	How do you report financial results?	1 [] Full financial reports (B/S, P&L, Cash-flow) 2 [] Income and expenditure report only 3 [] Narrative report on loans, income, expenses etc 4 [] Verbal report 5 [] Other (specify) ...	F6.10
6.11	Has your SACCO been internally audited?	1 [] Yes 2 [] No	F6.11
6.12	If Yes for 6.11 above, How often has your SACCO been internally audited?	1 [] Quarterly 2 [] Semi-annually 3 [] Annually (once a year) 4 [] Ad hoc (when there is an issue) 5 [] Other (specify) ...	F6.12

6.13	If Yes for 6.11 above, when was it last audited internally?	1 [] Last month (July 2007) 2 [] Last Quarter (ending June 2007) 3 [] Last Quarter but one (ending March 2007) 4 [] Last Year 5 [] Other (specify) ...	F6.13
6.14	Were there management notes or comments made on the accounts?	1 [] Yes 2 [] No	F6.14
6.15	If Yes for 6.14 above, have they been acted on?	1 [] Yes 2 [] No	F6.15
6.16	Has your SACCO been externally audited?	1 [] Yes 2 [] No	F6.16
6.17	If Yes for 6.17 above, How often has your SACCO been externally audited?	1 [] Every Year before June the following year 2 [] Every Year after June of the following year 3 [] After two years 4 [] After 3 years 5 [] Not at all 6 [] Other (specify) ...	F6.17
6.18	If Yes for 6.17 above, when was it last audited externally?	1 [] Currently being audited 2 [] This Year Second Quarter 3 [] This Year First Quarter 4 [] Last year (2006) 5 [] Last year but one (2005) 6 [] Last year but 2 (2004) 7 [] Other (specify) ...	F6.18
6.19	If Yes for 6.17 above, Which accounts were being audited?	1 [] Accounts for 2006 2 [] Accounts for 2005 3 [] Account for 2004 4 [] Accounts for 2003 5 [] Other (specify) ...	F6.19
6.20	If Yes for 6.17 above, Was there management letter or comments made on the accounts?	1 [] Yes 2 [] No	F6.20
6.21	If Yes for 6.20 above, have they been acted on?	1 [] Yes 2 [] No	F6.21

Annex 11-2: Institutional Assessment Tool

DFID-Financial Sector Deepening Project – Uganda

Tool for Institutional Level Assessment of Ugandan SACCOs

Introduction

The DFID Financial Sector Deepening Uganda Project (FSDU) has hired the services of Fineline Systems & Management Ltd to assess the capacity gaps of accounting staff of SACCOs in Uganda; to assess and document the deficiencies in the existing accounting training materials for SACCO accountants; to determine the capacity of the existing accounting training materials for SACCO accountants; and, to assess the knowledge and use of the CGAP Audit guidelines by SACCO external auditors. The main objective of this exercise is to deepen the capacity of Uganda's financial sector to meet the financial needs of poor rural and urban households, micro, small and medium enterprises on a sustainable basis. The information you and others provide will assist us in enabling FSDU to achieve its above stated objectives. Your answers will be handled in the strictest confidence.

Instructions:

This section is intended to be a discussion guide for the consultant, and not to be issued to the respondent to fill.

The consultant will look into the financial statements of the SACCO namely Profit and loss accounts, Balance sheet, Cash flow statements; Levels of supervision within the SACCO; Staffing levels and other relevant issues.

SECTION 1: General Information about the SACCO

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
1.1	Name of SACCO		
1.2	Year of Establishment		
1.3	Physical and postal address		
1.4	Name of District		
1.5	Does the SACCO have branches?	1 [] Yes 2 [] No	
1.6	If yes in 1.4 above, how many?		
1.7	What area does the SACCO cover (i.e., where do the members come from)?		
1.8	Type of the SACCO	1 [] Employer based (Single) 2 [] Employee-based (Various employers) 3 [] Crop-based 4 [] Business-based 5 [] Location-based 6 [] Other	
1.9	Number of the SACCO Members	1 [] Below 250 members 2 [] 251 - 500 members 3 [] 501 – 750 members 4 [] 751 – 1,000 members 5 [] Above 1,000 members	

1.10	Number of loan accounts	1 [] Below 250 accounts 2 [] 251 - 500 accounts 3 [] 501 – 750 accounts 4 [] 751 – 1,000 accounts 5 [] Above 1,000 accounts	
1.11	Number of savings accounts	1 [] Below 250 accounts 2 [] 251 - 500 accounts 3 [] 501 – 750 accounts 4 [] 751 – 1,000 accounts 5 [] Above 1,000 accounts	
1.12	What is the mode of loan repayment?	1 [] Cash 2 [] Cheques or cash 3 [] set off/ transfer 4 [] Other (specify)	
1.13	On average, how many transactions do you have per member per month?	1 [] 1 per month 2 [] 2 per month 3 [] 3 per month 4 [] 4 per month 5 [] Other (specify)	
1.14	Do you have Front Office operations (banking services)?	1 [] Yes 2 [] No	
1.15	If yes to 1.12 above, does the SACCO open these front office services to non-members?	1 [] Yes 2 [] No	
1.16	If yes to 1.13 above, how many non-member accounts do you have?	1 [] Below 100 accounts 2 [] 101 - 200 accounts 3 [] 201 – 300 accounts 4 [] 301 – 400 accounts 5 [] Above 400 accounts	
1.17	How many employees does the SACCO have?		
1.18	How many are at management level and support level?	At Management level [] At Support level []	
1.19	NB: if the employees are more than 10 ask for an organizational chart or draw out one.		

SECTION 2: Financial Statements

Please obtain a copy of audited financial statements.

Annex 11-3: Auditors Assessment Tool

DFID-Financial Sector Deepening Project – Uganda **Tool for Assessing the Capacity Gaps in the Work and Functions of External Auditors of Ugandan SACCOs**

Introduction

The DFID Financial Sector Deepening Uganda Project (FSDU) has hired the services of Fineline Systems & Management Ltd to assess the capacity gaps of accounting staff of SACCOs in Uganda; to assess and document the deficiencies in the existing accounting training materials for SACCO accountants; to determine the capacity of the existing accounting training materials for SACCOs accountants; and, to assess the knowledge and use of the CGAP Audit guidelines by SACCO external auditors. The main objective of this exercise is to deepen the capacity of Uganda's financial sector to meet the financial needs of poor rural and urban households, micro, small and medium enterprises on a sustainable basis. The information you and others provide will assist us in enabling FSDU to achieve its above stated objectives. Your answers will be handled in the strictest confidence.

Instructions for filling this Tool:

The first part is on basic information about your audit firm. Some questions may be irrelevant if you have not audited SACCOs. If you have not participated in SACCO audit you may need not answer those question that relate to experience on this area but you can indicate to us whether you feel comfortable to audit them or areas that you need support. If you have been involved in audit of SACCOs please share with us as much as you can by answering the questions that follow in Section 2. We apologize for not been able to meet you at your firm and hope you will support us in this noble exercise.

SECTION 1: BASIC INFORMATION ABOUT YOUR AUDIT FIRM

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
1.1	Name of the Audit Firm		
1.2	Name of Respondent		
1.3	Position Held		
1.4	Number of the years the Audit Firm has been doing Audit work		
1.5	How many SACCOs the firm has audited?	1 [<input type="checkbox"/>] Less than 10 SACCOs 2 [<input type="checkbox"/>] 11 to 25 SACCOs 3 [<input type="checkbox"/>] 26 to 50 SACCOs 4 [<input type="checkbox"/>] Over 50 SACCOs	
1.6	How many audit staff do you have?		
1.7	How many of these are involved in SACCO Audit		
1.8	Have they attended any form of training on SACCO operations, audit or management?	1 [<input type="checkbox"/>] Yes 2 [<input type="checkbox"/>] No	
1.9	If yes for 1.8 above, which training did they attend and who offered the training?		
1.10	In your audit work and in addition to International Audit Guidelines, what guidelines do you use?		

1.11	Have you heard of CGAP audit guidelines for MFI's and SACCOs?	1 [] Yes 2 [] No	
1.12	If yes for 1.11 above, have you applied them in your audit?	1 [] Yes 2 [] No	
1.13	Have you heard of WOCCU audit and accounting guidelines for SACCOs?	1 [] Yes 2 [] No	
1.14	If yes for 1.13 above, have you applied them in your audit?	1 [] Yes 2 [] No	

SECTION 2: GENERAL INFORMATION

- 1) In the course of your audit work, what have you observed as being common issues among the SACCOs?
- 2) When you raised the issues to the management committees, do they seem to understand the issues and take up corrective actions?
- 3) Are there situations where you and your staff find problems in understanding the accounting and operations of SACCOs? *(Please mention them)*
- 4) If a training course was to be offered for SACCO auditors, what areas would you list as key to be included into the curriculum or course content?
- 5) Does the ministry (or the relevant department) provide adequate guidelines on how the SACCOs should be audited? What would be your suggestions?
- 6) Do you think Sacco's assets and other resources are utilized adequately? What do you think is the problem?
- 7) Are there adequate controls that guarantee safety of members (and public) funds? What are the weaknesses?
- 8) What other issues have you observed about SACCOs?

Annex 11-4: Training Institutions & Curriculum Assessment Tool

DFID-Financial Sector Deepening Project – Uganda

Tool for Assessing the Training Curriculum offered by Various SACCO Accountants Training Institutions in Uganda

Introduction

The DFID Financial Sector Deepening Uganda Project (FSDU) has hired the services of Fineline Systems & Management Ltd to assess the capacity gaps of accounting staff of SACCOs in Uganda; to assess and document the deficiencies in the existing accounting training materials for SACCO accountants; to determine the capacity of the existing accounting training materials for SACCOs accountants; and, to assess the knowledge and use of the CGAP Audit guidelines by SACCO external auditors. The main objective of this exercise is to deepen the capacity of Uganda's financial sector to meet the financial needs of poor rural and urban households, micro, small and medium enterprises on a sustainable basis. The information you and others provide will assist us in enabling FSDU to achieve its above stated objectives. Your answers will be handled in the strictest confidence.

Instructions for Using This Tool:

The sample questions included in this discussion guide are only a starting point to collect data and information regarding training institutions. The consultant will ask follow-up questions as appropriate.

SECTION 1: BASIC INSTITUTIONAL INFORMATION

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
1.1	Name of Training Institution		
1.2	Physical Address and Contact		
1.3	Date (year) Established		
1.4	Name of Respondent		
1.5	Position Held		
1.6	What is the institutional training capacity? How many people can train at the same time?		
1.7	What's your current enrolment?		
1.8	Do you offer Co-operative accounting and auditing related courses	1 [] Yes 2 [] No	
1.9	If yes in 1.8 above, what certification do you offer?	1 [] Bachelors Degree 2 [] Higher (Advanced) Diploma 3 [] Ordinary Diploma 4 [] Certificate 5 [] Other (<i>Specify</i>)	
1.10	If yes in 1.8 above, how many are taking Co-operative related courses like Co-operative accounting, auditing, co-operatives operations management etc?	1 [] Co-operative accounting 2 [] Co-operative auditing 3 [] Co-operative operations management 4 [] Co-operative book-keeping	
1.11	How many years have you been training Co-operative Accountants and Auditors?		

1.12	How competitive are these courses	1 [] Very High 2 [] High 3 [] Moderate 4 [] Low 5 [] No demand	
1.13	Do you send your accounting and auditing students for attachment among the SACCOs?	1 [] Yes 2 [] No	
1.14	If yes to 1.13 above, do you get feedback from the host SACCO on the competence of your students?		
1.15	How do you determine the courses to offer and the course syllabus?	1 [] Public enquiries 2 [] Training needs assessment by the institution 3 [] Request by Co-operatives/Ministry 4 [] Gut feeling that there is need for such 5 [] Other (<i>specify</i>)	

SECTION 2: GENERAL INFORMATION

- 9) What have been your challenges in training SACCO accountants and auditors?
- 10) How have addressed the challenges you have mentioned?
- 11) In your own judgment, do you feel that what you offer at your college/institution meets the demand for accounting and auditing needs of the Co-operative sector? (*NB: the respondent will need to explain this*)
- 12) What support or guidelines do you think would be necessary from the ministry (and/or other support institutions) to enable your institutions (and others) to produce relevant and competent candidates for the SACCO market?

Annex 12: Terms of Reference



Assessment of the Capacity Gaps in the work & functions of Accountants and Auditors of Ugandan SACCOs

DFID Financial Sector Deepening Uganda Project

Terms of Reference

BACKGROUND

DFID Financial Sector Deepening Uganda Project (FSDU)

FSDU's goal is to generate sustainable improvements in the livelihoods of poor households through reduced vulnerability to shocks, increased incomes and employment creation. Its purpose is to deepen the capacity of Uganda's financial sector to meet the financial needs of poor rural and urban households, micro, small and medium enterprises on a sustainable basis.

FSDU is a member of the Capacity Building Steering Committee. The Committee is coordinating the provision of funding and technical assistance initially to SACCOs and eventually to other MFIs through 3 subcommittees.

The Accounting & Audit working group is one of the 3 subcommittees of the Capacity Building Steering Committee. It is tasked with standardizing the accounting systems, reporting and performance standards; determining the qualifications and training of accounting and audit staff; and seeking to reduce the cost of audit services.

FSDU is seeking a Consultant, on behalf of the Accounting & Audit working group, to carry out an assessment of capacity gaps of SACCO Accountants & Auditors. The assessment has the following objectives:

OBJECTIVES

- 1) To assess and document the gaps in the capacity of accounting staff of SACCOs which prevent them from posting the correct entries, writing accurate books of account and producing credible financial statements.
- 2) To assess and document the deficiencies in the existing accounting training materials for SACCO Accountants.
- 3) To determine the capacity of the existing training institutions and firms.
- 4) To assess the knowledge and use of the CGAP Audit Guidelines by the SACCO Auditors

METHODOLOGY

The consultant will select a stratified random sample of 20 SACCOs from the Census of Tier 4 MFIs available from FSDU. SACCOs will be stratified by region (North, South, East and West) in rough proportionality to the distribution of SACCOs in Uganda. They will also be stratified by size, with half of the sample being SACCOs with at least 750 members, and half being SACCOs with fewer than 750 members.

- (i) At the institutional level, the financial statements will be reviewed using an appropriate tool and any shortcomings noted.
- (ii) At the staff level, the accountants (or the people responsible for preparing the financial statements) will be interviewed using an appropriate tool and any deficiencies noted.

The Consultant will obtain SACCO Accountants Training materials developed in Uganda from UCA, UCSCU, FSDU, AMFIU, CBU Unit of SUFFICE, Rural SPEED Project as well as other sources and assess the gaps using an appropriate tool.

Consultant will analyse the deficiencies, and give on an aggregated basis his or her independent professional assessment of the optimal solution for any gaps. While in some cases, it is expected that the gaps will be of the sort that can be addressed by appropriate training to existing personnel, the consultant should state whether gaps result from other causes, which could include but are not limited to the following:

- Personnel without knowledge or capacity gaps that are unlikely to be filled by training.
- Deliberate mismanagement or obfuscation.
- Inadequate systems that preclude the preparation of accurate reports.
- Inadequate staffing which does not allow sufficient time for proper bookkeeping.
- Inadequate computerized MIS, or over-dependence on MIS, or lack of electricity, or other MIS dependent problems.

The Consultant will obtain a list of SACCO training institutions from MTTI Department of Cooperatives, UCA, UCSCU and Capacity Building Unit of SUFFICE.

- (i) Their training curriculum for SACCO Accountants will be assessed using an appropriate tool

The Consultant will obtain a list of approved external auditors from the Commissioner of Cooperatives and select a random sample of 5 while excluding the following firms; PWC, Deloitte, Ernst & Young, KPMG. This list is also available from the Uganda Cooperative Alliance.

- (ii) These will be interviewed using an appropriate tool and knowledge gaps identified.

SCOPE OF WORK

The consultant will undertake the assignment on the selected SACCOs, staff, Auditors and institutions as indicated above and will specifically:

- 1) Develop an appropriate detailed methodology and tools to be used and agree on it with FSDU within 4 working days of signing the contract.
- 2) Recruit and train research assistants that will assist the consultant in the study.
- 3) Carry out the capacity gaps assessment as outlined in the methodology above.
- 4) Analyse the information gathered and prepare a detailed analytical report of the findings.
- 5) Present the findings to a half day consultative workshop organised by DFID-FSDU with the following SACCO stakeholders namely MTTI Department of Cooperatives, PostBank, UCA, UCSCU, R-SPEED, GTZ-Sida, MoFPED and members of the Audit & Accounting Working Group to get feedback and comments
- 6) Incorporate comments/ideas in the draft if any and present the final report to the Accounting & Audit Working group for approval

EXPECTED OUTPUTS

A detailed analytical report in bound form and as a Word document, addressing the objectives above and recommending steps to be taken to address the gaps and any other comments pertinent to the study. Please include the following annexes:

- All tools and instruments used during the assignment
- All other documents acquired for the purpose of this study.

TIME FRAME

The final report of the study should be submitted within 45 working days from the date of signing the contract.

REPORTING

The Consultant will report to Christopher Musoke, the Deputy Manager FSDU. The Consultant will be expected to liaise with the UNDP/MoFPED Private Sector Companies and Microfinance Support Centre Ltd offices in the respective regions in terms of locating the selected SACCOs.

Request for Proposals

PROPOSAL REQUIREMENTS

Please provide concise technical and financial proposals that include but are not limited to the following:

- 1) Names, qualifications and CVs of the Lead Consultant and research assistants
- 2) Details of similar work carried out previously
- 3) Cost of conducting the study broken down into professional fees and disbursements

Please limit your proposals to a maximum of 4 pages (excluding annexes and budget).

SELECTION CRITERIA

The following selection criteria will be used to evaluate the proposals:

- Qualifications and experience of Lead Consultant and Research Assistants, with at least one researcher expected to be a qualified accountant – 20%
- Prior appropriate experience conducting similar work including training needs assessment - 30%
- Suitability of the proposed methodology – 25%
- Cost – 25%

PROPOSAL SUBMISSION

Please send hard copies of your technical and financial proposals bound separately in sealed envelopes clearly marked "Proposal for Assessment of Training Needs for Accountants & Auditors of SACCOs" addressed to The Deputy Manager, DFID – Financial Sector Deepening Project, 13A Acacia Avenue, Kampala, Uganda to be received by 5pm on 26th June 2007.

Received Bids will be acknowledged on the FSDU Office notice board on 27th June at 9am.

Bidders will be informed of the outcome of their proposals within 10 working days of the submission deadline.

Please enclose a CD with the electronic copy of your proposals thereon as a PDF document.

You can direct queries about this RFP to: fsdu@fsdu.or.ug

Any query received from a bidder and the subsequent response will be circulated to all bidders without disclosing their identity.

Annex 13: Work Schedule

S/N	Task	Task Description	By when
1.0	Developing Tools	<ul style="list-style-type: none"> SACCO institutional level Tool SACCO Accountant Tool External Auditor's Assessment Tool Training Institutions Assessment Tool 	27 th July 2007
		<ul style="list-style-type: none"> Samples of SACCOs to be visited 	31 st July 2007
2.0	Recruitment of Research Assistants	<ul style="list-style-type: none"> Recruitment of research assistants, training them. 	30 th – 31 st July 2007
3.0	Inception Report	<ul style="list-style-type: none"> Prepared and submitted 	1 st August 2007
4.0	Fieldwork	<ul style="list-style-type: none"> Interviewing SACCOs' management and Accountants 	2 nd – 9 th August 2007
		<ul style="list-style-type: none"> Interviewing Auditors and Assessment of Training Institutions 	10 th -15 th August 2007
5.0	Data Entry, Analysis and Reporting		
5.1	Data Entry and Analysis	<ul style="list-style-type: none"> Data input and analysis at Finline offices 	6 th - 15 th August 2007
5.2	Reporting	Sharing Preliminary findings	17 th August 2007
		1 st Draft report	16 th - 23 rd August 2007
		2 nd Draft: Refining of first draft and incorporating FSDU remarks	28 th August 2007
		Stakeholders workshop Presentation	30 th August 2007
		Submission of Final Report	31 st August 2007