walimu

Quality Health Care For Everyone

WORLD ALLIANCE FOR LUNG AND INTENSIVE CARE MEDICINE IN UGANDA (WALIMU)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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GLOSSARY OF TERMS

ARCS	-	African Research Collaboration on Sepsis
CBDS	-	Community Based Disease Surveillance
CCHF	-	Crimean Congo Haemorrhagic Fever
CQI	-	Continuous Quality Improvements
EMR	-	Electronic Medical Record
HICH	-	Holy Innocent's Children's Hospital
IDI	-	Infectious Disease Institute
iStreams	-	Innovation Streams
SMS	-	Short Message Service
TB	-	Tuberculosis
UBC	-	University of British Colombia
UCI	-	University of California Irvine
UCMB	-	Uganda Catholic Medical Bureau
UCSF	-	University of California San Francisco
UTIRC	-	Uganda Tuberculosis Implementation Research Consortium
WALIMU	-	World Alliance for Lung and Intensive Care Medicine in Uganda
WHO	-	World Health Organisation

1.0 GENERAL INFORMATION

MANAGEMENT BOARD

1.	J. Lucian Davis	-	American
2.	Adithya Cattamanchi	-	American
3.	Shevin T. Jacob	-	American
4.	Achilles Katamba	-	Ugandan
5.	Matthew Wiens	-	Canadian
6.	William Worodria	-	Ugandan

SENIOR MANAGEMENT TEAM

1.	Dr Nathan Kenya-Mugisha	-	Executive Director
2.	Dr Opar Bernard Toliva	-	Director of Programs/Deputy Executive Director
3.	Hassan Wamaani	-	Operations Director
4.	Catherine Kiggundu	-	Finance & Grants Manager
5.	Alfred Latim	-	Procurement & Logistics Manager
6.	Mark Wanyama	-	HR & Administration Manager

REGISTERED OFFICE
Unit 4, Plot 5-7, Coral Crescent
Kololo, Kampala, Uganda
P.O. Box 9924
Kampala, Uganda

INDEPENDENT AUDITOR
PKF Uganda
Certified Public Accountants
P.O Box 24544
Kampala

PRINCIPAL BANKERS
Standard Chartered Bank (U) Ltd
Plot 5 Speke Road
P.O. Box 7111, Speke Road
Kampala, Uganda

LAWYERS
TASLAF advocates
9th Floor - Trust Towers,
Plot 4 Kyadondo Road, Nakasero
P.O. Box 75577, Kampala, Uganda

2.0 REPORT OF THE MANAGEMENT BOARD

The Management Board hereby submit this report together with the Audited Financial Statements. The Financial Statements disclose the organisation's state of affairs of the financial year ending 31 December 2024.

WALIMU uses implementation science to transform patient care through " A Health Workers First model. WALIMU believes in enhancing and not replacing or duplicating capacity by empowering the health worker with the relevant knowledge, modern tools and uplifting work environments. WALIMU uses Continuous Quality Improvements (CQI) to achieve and sustain behavior change. WALIMU's philosophy is that the end point of research is not a publication but rather a change in policy and practice that improves a patient outcome.

WALIMU's programming model is built around behavior change interventions that target the essential conditions for improving the quality of health care. Through collaboration with its partners, WALIMU strives to achieve its vision and mission through the following programs;

Child Health Care - WALIMU has leveraged its experience in health systems strengthening to ensure survival of children who present with Sepsis /severe illness by building and sustaining integrated healthcare systems.

Global Health Security -improving facility and community level capacity in quickly detecting and effectively responding to Sepsis and diseases of epidemic potential.

Health system strengthening through capacity building initiatives - through a collaborative effort in addressing health systems strengthening with the Ministry of Health Uganda as the policy lead alongside local and international partners.

Improving tuberculosis diagnostics and treatment - through undertaking high quality clinical, epidemiological and implementation science research that seeks to identify barriers, and to evaluate the impact and effectiveness of these strategies at different health centers and communities in Uganda.

Vision
To reduce mortality against severely ill patients in Uganda health facilities.

Mission
WALIMU works to empower health workers to address local health problems in innovative ways in order to transform patient care and improve outcomes.

Core Values
- Evidence drives our work.
- Excellency in all we do.
- Innovation in addressing local health problems.
- Integrity in our dealings.
- Partnership for greater reach and impact.

REPORT OF THE MANAGEMENT BOARD Continued…

WALIMU's WORK IN 2024

In 2024, WALIMU continued to register significant growth in its grant portfolio, number of projects, number of staff, and partners/funders. WALIMU continued to excel with its pioneering efforts in translating research evidence into practical solutions that transform patient care to improve outcomes and eventually save lives.

WALIMU started the year 2024 with 26 projects. In the course of the year, eleven (11) new projects were acquired (UCIIP, GHES Fellowship 1, GHES Fellowship 2, GLOCAL Fellowship, TB Reach wave 11, ADAPT4KIDS, R2D2 C3PO, PHEOC, IMMS, VCCMS and Trypa No!3). By the end of the year WALIMU had implemented 37 projects cutting across six thematic areas; TB Diagnosis, Care, Prevention and Treatment, Maternal and Child Health, Health Systems Strengthening, Sepsis, Global Health Security, Clubfoot Detection and Treatment and Translating Evidence to Policy and Practice. During the year, five (5) projects (Expand TPT, HCD-CoP, FI-Care, WHO Oxygen Study and Stigma Scale) were completed thus ending the year 2024 with thirty-two (32) projects.

The new projects in 2024 were funded by; USAID (JSI/TIFA partnership), United Nations International Children's Emergency Fund (UNICEF), World Health Organisation (WHO), Liverpool School of Tropical Medicine (LSTM), Yale University, University of California San Francisco campus and United Nations of Project Services (UNOPS)/STOMP TB Partnership.

WALIMU has also embarked on engaging new National and International Partners in its operations in an effort to expand its scope of work and attract more funding. For example, in the area of increasing its geographical coverage in the implementation of Clubfoot detection and treatment, the Kingdom of Buganda was engaged. In the area of digital development, WALIMU is engaging Thrive Health and Living Goods.

Based on the achievements of the previous four years, WALIMU has continued to focus on strengthening its internal capabilities to attract and manage big grants as well as transforming itself into a health research platform dedicated to Scaling Science That Saves Lives.

During 2024, WALIMU embarked on the process of obtaining the Good Financial Grant Practice (GFGP) Gold Tier level certification by mid-2025. Obtaining the Gold Tier level certification will significantly increase the funders and partners confidence and trust in WALIMU's internal capability to manage big and many grants.

In the year 2024, WALIMU successfully transitioned its accounting and financial reporting framework from the modified cash basis of accounting to the accrual basis of accounting in full compliance with the *International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities (SMEs)*. This transition aligns WALIMU's financial reporting with internationally recognized standards and enhances the accuracy and reliability of its financial statements. Previously, the organisation's financial reporting was guided by internally developed accounting policies under the modified cash basis. The adoption of the IFRS for SMEs and the accrual basis provides a more comprehensive reflection of WALIMU's financial position, performance, and obligations by recognizing income and expenses when they are earned or incurred, regardless of cash movements. In the same year, WALIMU was positioned in the large tax payer's bracket putting WALIMU under high scrutiny and visibility by Uganda Revenue Authority (URA).

REPORT OF THE MANAGEMENT BOARD Continued…

Further, WALIMU initiated and operationalised the establishment of an Internal Audit Unit to enhance internal controls and provide independent assurance on the effectiveness of risk management and governance processes. In addition, the Regulatory Affairs Unit set up process started, leveraging the expertise of two existing staff who have been managing project-specific regulatory tasks, to ensure dedicated oversight of all regulatory processes across the organisation.

In line with improving Grants Management, WALIMU began the process of separating the Grants and Finance departments to improve the efficiency and effectiveness of the grants management cycle, focusing on both pre-award and post-award processes. This structural shift is aimed at strengthening grant acquisition, compliance, and reporting mechanisms.

In the area of improving WALIMU governance, a comprehensive review of the Board Memorandum and Articles of Association (Memarts) was initiated to address gaps in the newly adopted governance documents. In partnership with the Institute of Corporate Governance Uganda (ICGU), WALIMU commenced the process of expanding the Board to eleven (11) members to enhance strategic oversight and diversity of Board members having a mix of professions and skills like Finance, Risk, Audit, Governance, Legal and Resource Mobilisation.

In the year, also focused efforts were made to build staff capacity in grant management. Four staff members, including the TB Program Manager, TSWAY Study Coordinator, Project Accountant, and the former Finance and Grants Manager, were trained in grant search, proposal writing, and grant management by the National Institutes of Health (NIH) at the KEMRI Institute in Nairobi, Kenya. Furthermore, one staff the Finance and Grants Manager attended a specialized training on grants management and the establishment of the Grants Unit conducted by Skills for Africa Training in Nairobi, Kenya.

In 2024, WALIMU's scope of work included Regional and International Engagements. WALIMU's influence extended beyond Uganda through its participation in the STAIRS Consortium's Good Financial Grant Practice (GFGP) certification support to six (6) partner countries—Democratic Republic of Congo (DRC), Ghana, Sierra Leone, Mozambique, Nigeria, and Ethiopia. The support aimed at strengthening the Partner's finance and grants management systems in pursuit of GFGP certification.

For Strategic Visibility and Sustained growth, WALIMU is taking on the Smart Discharges Program as its signature project aimed at enhancing the organisation's visibility and positioning WALIMU as a leader in innovative health solutions in Uganda and the Region.

Further, WALIMU actively collaborated with the Ministry of Health on various health initiatives, reinforcing its role as a trusted partner in the national health space. Additionally, efforts to improve WALIMU's public image and visibility were advanced through ongoing updates to the organisation's website and strengthened engagement on its social media platforms.

In ä snapshot, WALIMU registered the following changes in year 2024:

- The grant portfolio grew by 4.49% from USD4,536,060 in 2023 to USD4,739,909.32 in 2024
- The number of projects increased from 26 in the year 2023 to 37 in the year 2024. By December 31st, 2024, 32 projects were ongoing while 5 were completed.
- The number of staff increased from 141 by December 31st 2023 to 179 by December 31st 2024, reflecting 27% increase.
- Expanded its geographical scope to West Nile in Uganda. (Trypa No!3)

REPORT OF THE MANAGEMENT BOARD Continued...

- More than twenty-one (21) research papers were published. Abstract and Conferences attended.
- New funders – USAID, United Nations International Children's Emergency Fund (UNICEF)

The details of WALIMU's work in 2024 are covered in the "WALIMU's annual report 2024

Results for the year

The results for the year are set out on Page 10.

Management Board

The current membership of the Management Board is shown on Page 1

Reserves

The reserves of the year are set out on Page 12

Independent Auditors

The auditors, PKF Uganda Certified Public Accountant of Uganda, have expressed their willingness to continue in office in accordance with the provisions of Section 167(2) of the Uganda Company's Act 2012.

BY ORDER OF THE BOARD

...2025
DIRECTOR

Kampala

3.0 STATEMENT OF MANAGEMENT BOARD'S RESPONSIBILITIES

The Management Board prepare the financial statements for each financial year which present fairly, in all material respects, the organisation's financial position as at 31 December 2024 and its financial performance and cash flows for the year then ended. The Management Board also ensures that the organisation maintains proper accounting records that are sufficient to show and explain the transactions of the organisation; and that disclose, with reasonable accuracy, the financial position of the organisation and that enable them to prepare financial statements of the organisation that comply with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs Accounting Standard) and the requirements of Uganda Companies Act Cap 106, Laws of Uganda. The Management Board is also responsible for safeguarding the assets of the organisation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board also accepts responsibility for the preparation and presentation of these financial statements in accordance with the IFRS for SMEs Accounting Standard and the requirements of Uganda Companies Act Cap 106 , Laws of Uganda.

They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
ii. Selecting and applying appropriate accounting policies; and
iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The Board confirms that the financial statements present fairly, in all material respects, the financial position of the organisation as at 31 December 2024 and of the organisation's financial performance and cash flows for the year then ended in accordance to the IFRS for SMEs Accounting Standard and the requirements of Uganda Companies Act Cap 106 , Laws of Uganda.

Having assessed the organisation's ability to continue as a going concern, the Board is not aware of any material uncertainties related to events or conditions that may cast doubt upon the organisation's ability to continue as a going concern for at least the next twelve months from the date of this statement.

Signed on behalf of the Management Board of WALIMU

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Director **Director**

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4.0 REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WORLD ALLIANCE FOR LUNG AND INTENSIVE CARE MEDICINE IN UGANDA (WALIMU).

Opinion

We have audited the financial statements of World Alliance for Lung and Intensive Care Medicine in Uganda (WALIMU) set out on pages 10 to 25 which comprise the statement of financial position as at 31 December 2024, the statement of income and expenditure, the statement of changes in funds and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the WALIMU as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard and the requirements of Uganda Companies Act Cap 106， Laws of Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Management Board is responsible for the other information. The other information comprises the Management Board’s report and any appendices but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR Continued…

Responsibilities of the Management Board for the financial statements

The Management Board is responsible for the preparation and fair presentation, in all material respects, of the financial statements in accordance with the IFRS for SMEs Accounting Standard and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

PKF

REPORT OF THE INDEPENDENT AUDITOR Continued...

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

This report, including the opinion, has been prepared for, and only for, the organisation's members as a body in accordance with the Uganda Companies Act Cap 106, Laws of Uganda and for no other purpose.

As required by the Uganda Companies Act Cap 106, Laws of Uganda we report to you, based on our audit, that:

- We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit;
- In our opinion, proper books of accounts have been kept by the organisation, so far as appears from our examination of those books; and
- The organisation's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting to this report of the independent auditor is CPA Charles Oguttu (P0141).

Charles Oguttu (P0141)

PKF Uganda

PKF Uganda
Certified Public Accountants
Kampala

Date 4/11/2025
Ref: CO/WO38/0291/2025

5.0 STATEMENT OF INCOME AND EXPENDITURE

	Notes	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
Income					
Grants and donations	10.1	**17,457,659,142**	**16,923,495,533**	**4,667,448**	**4,536,060**
Expenditure					
Employment Costs	10.2	7,442,895,743	7,971,222,110	1,990,403	2,134,719
Sepsis	10.3	1,458,796,486	394,355,600	388,844	105,619
Global Health Security EPR	10.4	197,709,608	619,097,876	52,789	165,804
TB Diagnosis and Care	10.5	5,141,293,351	4,819,005,218	1,372,135	1,297,020
Maternal and Child Health	10.6	2,103,390,588	1,206,226,737	566,052	323,011
Health Systems Strengthening	10.7	148,955,710	602,531,712	39,772	161,350
Operation Costs	10.8	773,692,415	462,175,881	206,421	117,181
Total expenditure		**17,266,733,901**	**16,074,615,134**	**4,616,416**	**4,304,704**
Surplus for the year		190,925,241	848,880,399	51,032	231,356
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**190,925,241**	**848,880,399**	**51,032**	**231,356**

The notes on pages 18 to 25 form an integral part of the financial statements.

The report of the Independent Auditor is on pages 7 to 9.

6.0 STATEMENT OF FINANCIAL POSITION

	Notes	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
ASSETS					
Non-Current Assets					
Property and Equipment	10.9	1,175,930,689	1,504,521,985	323,618	412,585
Current Assets					
Other Receivables	10.10	1,137,087,752	456,546,787	309,389	120,709
Grants Receivable	10.11	2,275,299,372	1,167,507,712	619,084	299,974
Cash and Cash equivalents	10.12	8,145,618,294	3,960,566,079	2,216,286	1,047,349
Total Current Assets		**11,558,005,418**	**5,584,620,578**	**3,144,759**	**1,468,032**
TOTAL ASSETS		**12,733,936,107**	**7,089,142,563**	**3,468,377**	**1,880,617**
FUNDS & LIABILITIES					
Funds					
General Fund	10.13	1,372,854,079	1,512,944,544	373,665	435,127
Capital Reserve Fund	10.14	117,779,959	151,670,411	32,863	41,787
Total funds		**1,490,634,038**	**1,664,614,955**	**406,528**	**476,914**
Non-Current Liabilities					
Deferred Capital Grants	10.15	**1,058,150,729**	**1,352,851,573**	**290,755**	**370,798**
Current Liabilities					
Deferred Revenue Grants	10.16	8,866,520,902	3,822,437,586	2,412,481	963,980
Other Payables	10.17	1,318,630,438	249,238,449	358,613	68,925
Total Current Liabilities		**10,185,151,340**	**4,071,676,035**	**2,771,094**	**1,032,905**
TOTAL FUNDS & LIABILITIES		**12,733,936,107**	**7,089,142,563**	**3,468,377**	**1,880,617**

The financial statements on pages 10 to 13 were approved by the Management Board on 03/11/ 2025 and were signed on its behalf by:

Director **Director**

The notes on pages 18 to 25 form an integral part of the financial statements.
The report of the Independent Auditor is on pages 7 to 9.

7.0 STATEMENT OF CHANGES IN FUNDS

	Notes	General Funds UGX.	Capital Reserve Fund UGX.	Total UGX.	Total USD.
At 1 January 2023		728,484,147	87,250,409	**815,734,556**	**294,850**
Transfer to / from capital reserve fund		(64,420,002)	64,420,002	-	**-**
Surplus for the year		848,880,399	-	**848,880,399**	**231,356**
Foreign currency translation reserve		-	-	**-**	**(49,292)**
At 31 December 2023		**1,512,944,544**	**151,670,411**	**1,664,614,955**	**476,914**
At 1 January 2024		1,512,944,544	151,670,411	**1,664,614,955**	**476,914**
Prior year adjustment	10.18	(213,029,302)	-	**(213,029,302)**	**(61,003)**
Transfer to / from capital reserve fund	10.13	33,890,452	(33,890,452)	**-**	**-**
Donor refund	10.18	(151,876,856)	-	**(151,876,856)**	**(41,198)**
Surplus for the year		190,925,241	-	**190,925,241**	**51,032**
Foreign currency translation reserve		-	-	**-**	**(19,217)**
At 31 December 2024		**1,372,854,079**	**117,779,959**	**1,490,634,038**	**406,528**

The notes on pages 18 to 25 form an integral part of the financial statements.

The report of the Independent Auditor is on pages 7 to 9.

8.0 STATEMENT OF CASH FLOWS

	Notes	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
OPERATING ACTIVITIES					
Surplus /(Deficit)		190,925,241	848,880,399	51,032	231,356
Adjustments for:					
Foreign currency translation reserve		-	-	(19,217)	(49,292)
Depreciation & Amortisation		453,098,129	402,964,263	122,056	110,752
Prior year adjustment		(213,029,302)	-	(61,003)	-
NIH Donor refund		(151,876,856)	-	(41,198)	-
Changes in working capital					
↓ / (↑) in other receivables		(680,540,965)	(283,847,296)	(188,680)	(75,048)
↓ / (↑) in grants receivable		(1,107,791,660)	586,595,144	(319,110)	159,606
↑/ (↓) in other payables		1,069,391,988	(344,945,116)	289,688	(91,202)
↑/ (↓) in Deferred grants		4,749,382,472	2,396,555,762	1,368,458	633,639
Net cash from Operating Activities		**4,309,559,047**	**3,606,203,156**	**1,202,026**	**919,811**
INVESTING ACTIVITIES					
Purchase of Property & Equipment		(124,506,833)	(434,768,275)	(33,090)	(82,204)
Cash from investing activities		**(124,506,833)**	**(434,768,275)**	**(33,090)**	**(82,204)**
Net change in cash & cash equivalents		4,185,052,214	3,171,434,881	1,168,936	837,607
Cash and cash equivalents at 1 January		3,960,566,079	789,131,198	1,047,349	209,742
BALANCE AT 31 DECEMBER	10.12	**8,145,618,293**	**3,960,566,079**	**2,216,285**	**1,047,349**

The notes on pages 18 to 25 form an integral part of the financial statements.

The report of the Independent Auditor is on pages 7 to 9.

9.0 SIGNIFICANT ACCOUNTING POLICIES

9.1 GENERAL INFORMATION

World Alliance for Lung and Intensive Care Medicine in Uganda (WALIMU) was founded in 2010 and was registered as a company limited by guarantee under the Uganda Companies Act 106, Laws of Uganda and incorporated as an NGO in Uganda in 2013. WALIMU is domiciled in Uganda on Unit 4, Plot 5-7, Coral Crescent Kololo, Kampala, Uganda, P.O. Box 9924. WALIMU focuses both on implementation science research (in other words, how to make things actually work) and on policy translation (leveraging science and relationships to get systems to change).

WALIMU works to improve clinical care for severely ill patients in hospitals across Uganda. WALIMU's programming model is built around behavior change interventions that target the essential conditions for improving the quality of health care. WALIMU empowers the health worker with the relevant knowledge, modern tools, and uplifting work environments.

9.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

9.2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention except as indicated otherwise below and are in accordance with the IFRS for SMEs Standard. The financial statements are presented in United States Dollars (USD). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

The preparation of financial statements in conformity with the IFRS for SMEs Standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed under *9.2.3.*

9.2.2 Going concern

Based on the financial performance and position of the organisation and its risk management policies, the management board are of the opinion that the organisation is well placed to continue in operations for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

9.2.3 Key sources of estimation uncertainty and judgements

In the application of the accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The management has made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

SIGNIFICANT ACCOUNTING POLICIES Continued…

Useful life of property and equipment

Management assesses the appropriateness of the useful lives of property and equipment at the end of each reporting period. The useful lives are determined based on the organisation's replacement policies for various assets. Individual assets within these classes which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. When the estimated useful life of an asset differs from the previous estimate, the change is applied prospectively in the determination of the depreciation charge. The carrying amounts of property and equipment are disclosed under note 10.10.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

9.2.4 Revenue Recognition

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the organisation receives grants of non-monetary assets, the asset and the grant are recorded at the [fair value of the non-monetary asset or nominal amounts] and released to income over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

i). Grants for restricted purposes and for specified funded projects are recognised when received and spent on qualifying activities. Any unutilised grants are recognised as deferred revenue grants and any excess expenditure over income is recorded as grants receivable at year end where there is commitment of additional funds from grant providers to cover such expenditure.

ii). All other donations are accounted for on a cash receipt basis unless there are committed funds or pledged funds that are receivable.

9.2.5 Grant and Other Receivables

Grant receivable is the excess expenditure over income as at year end and is only recognised where there is commitment of additional funds from grant providers.

Other receivables include deposits and prepayment for services/goods to be delivered in future and advances to staff. Other receivables are only accounted for if there is tangible evidence that the service/goods will be performed/delivered in future or a refund will be made in the event the service/goods is not performed/delivered.

9.2.6 Other Payables

Accruals and other payables represent obligations at the end of the reporting period that do not accrue interest.

SIGNIFICANT ACCOUNTING POLICIES Continued…

9.2.7 Property and Equipment

All categories of property and equipment are initially recorded at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of income and expenditure during the financial period in which they are incurred. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost amounts less their residual values over their estimated useful lives, as follows:

	Rates (%)
Computer equipment	20%
Office Furniture	20%
Office Equipment	20%
Motor Vehicles	20%

The organisation assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the organisation estimates the recoverable amount of the asset. If there is no indication of impairment, the organisation does not estimate the recoverable amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating surplus/(deficit).

9.2.8 Provisions

The organisation recognises a provision when there is an obligation at the reporting date as a result of a past event, it is probable that the organisation will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the amount expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

9.2.9 Contingent Liabilities

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because it fails to be reliability measured and the transfer of economic benefits is unlikely.

9.2.10 Employee Benefit Obligations

The organisation and its employees also contribute to the National Social Security Fund (NSSF), the statutory defined contribution scheme registered under the NSSF Act. The organisation's contributions to the defined contribution scheme are charged to statement of income and expenditure in the year to which they relate.

SIGNIFICANT ACCOUNTING POLICIES Continued…

9.2.11 Deferred Capital Grants

Deferred capital grants refer to grants received by an organisation that are intended for the purchase or improvement of property and equipment. The deferred capital grants are classified as part of non-current liabilities. The initial amount is credited to deferred capital grant. The grant balance is amortised to income annually at an amount equal to the depreciation of the assets purchased with the grants.

9.2.12 Capital Reserve Fund

Capital reserve fund is an appropriation of unrestricted funds from the general fund utilised in the purchase and improvement of property and equipment. The fund is appropriated back to the general fund at an amount equivalent to the depreciation or amortisation.

9.2.13 General Fund

General fund represents unutilised accumulated surpluses or deficits from unrestricted funds.

9.2.14 Deferred Revenue Grants

Deferred revenue grants relate to grants intended to fund specific activities that extend to multiple accounting periods received from various donors. When a grant is received, it is initially recorded as a liability on the organisation’s balance sheet. The grants are recognised in the statement of income and expenditure on a systematic basis over the periods in which the entity recognises the related costs for which the grants are intended to compensate.

9.2.15 Current tax

WALIMU is involved in not-for-profit activities and therefore falls within the definition of exempt category for tax purposes under the Income Tax Act (ITA) Cap.340 however; management has not yet obtained a written ruling by the Commissioner stating that it is an exempt organisation for the year under review. The management is of the view that the organisation would not be subject to tax. Therefore, no provision for current or deferred tax is recognised in these financial statements. The management has initiated the process to obtain a formal tax exemption certificate.

9.2.16 Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with the bank.

9.2.17 Translation of foreign currencies

Transactions in other currencies are translated to Uganda shillings for reporting purposes at the rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in other currencies other than Uganda Shillings are translated at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the statement of changes in funds in the year in which they arise.

9.2.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

10.0 NOTES TO THE FINANCIAL STATEMENTS

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.1 GRANTS AND DONATIONS				
Grants	17,453,258,326	16,915,358,484	4,666,272	4,533,879
Donations	4,400,816	8,137,049	1,176	2,181
Total to Page 10	**17,457,659,142**	**16,923,495,533**	**4,667,448**	**4,536,060**
10.2 EMPLOYMENT COSTS				
Staff salaries	6,526,531,427	7,085,082,893	1,744,540	1,899,038
NSSF 10%	649,209,681	708,508,289	174,454	188,070
Staff insurance	264,514,635	176,362,428	70,702	47,271
Other staff costs	2,640,000	1,268,500	707	340
Total to Page 10	**7,442,895,743**	**7,971,222,110**	**1,990,403**	**2,134,719**
Analysed as:				
Project expenses	6,195,128,385	7,094,787,560	1,656,890	1,900,007
Operations expenses	1,247,767,358	876,434,550	333,513	234,712
Total Employment costs	**7,442,895,743**	**7,971,222,110**	**1,990,403**	**2,134,719**

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.3 SEPSIS				
2396 · STAIRS 2 Project	1,458,796,486	394,355,600	388,844	105,619
2312 ARCS	-	-	-	
Total to Page 10	**1,458,796,486**	**394,355,600**	**388,844**	**105,619**
10.4 GLOBAL HEALTH SECURITY EPR				
2343 · PHEOC	145,721,178	-	38,908	-
2335 · TRYPA	29,356,521	-	7,838	-
2330 · STIGMA SCALE	21,347,510	660,549	5,700	177
2383 · EPI _ EVD	989,361	139,875,590	264	37,457
2370 · WHO O2CoV2/Uganda Study	295,038	9,836,453	79	2,634
2365. POLIO SURGE	-	294,466,086	-	78,854
2371. ESCHID	-	174,259,198	-	46,682
2358. APOLLO C STUDY	-	-	-	-
Total to Page 10	**197,709,608**	**619,097,876**	**52,789**	**165,804**

NOTES TO THE FINANCIAL STATEMENTS Continued…

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.5 TB DIAGNOSIS AND CARE				
2389 · EXPAND TPT	762,223,647	571,628,739	203,516	153,128
2375 · Global Health Lab - PA 19	678,545,094	505,082,213	181,173	135,254
2355 · R2D2	666,233,409	422,084,609	177,863	116,423
2381 · BMGF GeneXpert Trace	531,138,095	450,373,050	141,816	120,604
2369 · CHASE TB STUDY	489,956,131	347,106,790	130,672	92,950
2352 · TURN TB	465,995,703	1,104,437,689	124,258	295,753
2345 · TB REACH Wave 11	310,223,037	-	82,831	-
2331 · TB Implementation Framework	295,598,276	-	78,926	-
2388 · RTC_PCD	275,711,997	380,600,124	73,504	101,919
2346 · ADAPT 4 KIDS	180,256,696	-	48,129	-
2325 · RTC-PCD phase 2	108,255,453	-	28,904	-
2333 · QFT PLUS Tests	26,415,966	-	7,053	-
2334 · ALSA	22,257,345	-	5,837	-
2339 · GHES Fellowship	50,804,907	-	13,515	-
2340 · GHES Fellowship	67,020,065	-	17,895	-
2341-4 · Global Fellowship	57,647,016	-	15,392	-
2391 · TSwaY	87,519,521	199,226,490	23,368	53,350
2390 · SMART4TB-USAID	21,746,628	9,565,132	5,806	2,561
2353 · HCD COP STUDY	18,512,325	452,783,777	4,942	121,249
2382 · EXACT TB Study	17,180,380	13,403,843	4,587	3,589
2362 · PREDICT TB STUDY	8,039,623	84,840,842	2,145	22,719
2398 · End Childhood TB	12,037	-	3	-
2378. RTC _STOP TB/UNOPS	-	187,556,880	-	50,225
2359 PART Study	-	74,975,304	-	23,188
2399. TBSAP	-	11,047,539	-	2,958
2392. TBDM	-	4,094,959	-	1,097
2372 Stigma - Yale University	-	197,238	-	53
2320 99 Dots	-	-	-	-
2360 XPEL TB STUDY	-	-	-	-
Total to page 10	**5,141,293,351**	**4,819,005,218**	**1,372,135**	**1,297,020**

NOTES TO THE FINANCIAL STATEMENTS Continued…

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.6 MATERNAL AND CHILD HEALTH				
2395 · Clubfoot Program	987,393,757	188,590,221	269,007	50,502
2387 · R2HC	514,328,016	204,105,158	137,327	54,657
2379 · Aspire Malongo Forest	230,602,702	343,588,921	61,638	92,008
2397 · Smart Discharges – Older Child	137,135,516	12,092,980	36,615	3,238
2367 · MOM & BABY	88,682,102	149,195,490	23,675	39,952
2327 · SANE Uganda Study	72,585,411	76,682,888	19,381	20,535
2328 · Family Integrated Care 2	38,250,211	-	10,205	-
2385 · ST BCCHF SUSTAINABILITY	21,072,127	24,062,912	5,582	6,443
2329 · LACUNA SMART DISCHARGES	13,331,536	-	2,619	-
2311A · THRASHER	9,010	43,078,403	3	11,536
2315 · FI Care	200	1,687,236	-	452
2386. ST -WT PUBLIC ENGAGEMENT	-	62,851,576	-	16,831
2316. PRST	-	49,721,694	-	13,315
2380 Aspire Generations	-	27,236,434	-	7,294
2384. SD BCCHF SUSTAINABILITY	-	23,332,824	-	6,248
Total to page 10	**2,103,390,588**	**1,206,226,737**	**566,052**	**323,011**
10.7 HEALTH SYSTEMS STRENGTHENING				
2394 · VPD Phase4	121,526,977	602,531,712	32,877	161,350
2344 · Immunization Mgt Services	13,985,943	-	3,305	-
2342 · Vaccine and Cold chain MGT	13,442,790	-	3,590	-
Total to page 10	**148,955,710**	**602,531,712**	**39,772**	**161,350**

NOTES TO THE FINANCIAL STATEMENTS Continued…

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.8 OPERATION COSTS				
24-13 · CO- Occupancy	142,485,079	126,953,155	38,044	33,995
24-21 · CO- Organisational Development	153,507,044	27,827,975	40,975	7,452
24-30 · CO- Consultancy costs	138,035,829	72,717,052	36,835	19,473
24-7 · CO- IT Services	70,875,788	74,319,843	18,924	19,902
24-44 · CO- Shared Costs	60,226,128	42,678,260	16,080	4,837
24-40 · CO- Travel	55,100,436	32,508,542	14,712	8,705
*24. Depreciation	48,170,452	37,532,653	12,695	10,060
24-27 · CO- Resource mobilisation	42,924,313	6,491,486	11,461	1,738
24-2 · CO- Materials and Supplies	28,753,529	33,603,682	7,719	8,999
24-49 · CAR	17,027,385	-	4,547	-
24-18 · CO- Utilities	15,192,868	7,543,233	4,057	2,020
24-50 · Motorcycle	1,393,564	-	372	-
Total to page 10	**773,692,415**	**462,175,881**	**206,421**	**117,181**
Depreciation analysed as:				
Projects	404,927,677	365,911,823	109,361	100,691
*Operations	48,170,452	37,052,440	12,695	10,060
Total to note 10.9	**453,098,129**	**402,964,263**	**122,056**	**110,751**

NOTES TO THE FINANCIAL STATEMENTS Continued…

10.9 PROPERTY AND EQUIPMENT

Particulars	Computer Equipment UGX.	Office Furniture UGX.	Office Equipment UGX.	Motor Vehicles UGX.	Other Equipment UGX.	Total UGX.	Total USD.
Valuation at 01 January 2024	345,959,011	28,882,750	156,507,859	134,934,073	1,495,117,493	2,161,401,185	593,320
Additions	80,447,338	15,250,000	22,323,620	-	6,485,875	124,506,833	33,090
Disposals	-	-	-	-	-	-	
Valuation at 31 December 2024	**426,406,349**	**44,132,750**	**178,831,479**	**134,934,073**	**1,501,603,368**	**2,285,908,019**	**626,410**
Acc. Depreciation at 01 January 2024	115,475,428	8,795,604	41,361,967	57,708,479	433,537,724	656,879,202	180,736
Charge for the year	85,449,440	7,223,050	33,385,479	26,986,815	300,053,344	453,098,128	122,056
Depreciation at 31 December 2024	**200,924,868**	**16,018,654**	**74,747,446**	**84,695,294**	**733,591,068**	**1,109,977,330**	**302,792**
Net Book Values							
Net Book Value at 31 December 2024	**225,481,481**	**28,114,096**	**104,084,033**	**50,238,779**	**768,012,300**	**1,175,930,689**	**323,618**
Net Book Value at 31 December 2023	**230,483,583**	**20,087,146**	**115,145,892**	**77,225,594**	**1,061,579,770**	**1,504,521,985**	**412,585**

NOTES TO THE FINANCIAL STATEMENTS Continued…

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.10 OTHER RECEIVABLES				
Staff Activity Advances	724,068,379	339,187,057	197,011	75,416
Partner Advances	223,622,628	-	60,845	-
Prepaid Expenses	189,396,745	117,359,730	51,533	45,293
Total to page 11	**1,137,087,752**	**456,546,787**	**309,389**	**120,709**
10.11 GRANTS RECEIVABLE				
As at 01 January	1,167,507,712	1,689,080,586	299,974	459,580
Grants received during the year	(4,540,776,864)	(11,935,465,251)	(2,731,689)	(3,218,909)
Grants utilised during the year	5,648,568,524	11,413,892,377	3,050,799	3,059,303
Total to page 11	**2,275,299,372**	**1,167,507,712**	**619,084**	**299,974**

The balance relates to grants from multiple donors that are recognised as receivable to compensate for expenses that have already been incurred.

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.12 CASH AND CASH EQUIVALENTS				
Standard Chartered-USD-01	2,795,895,498	735,301,072	760,732	194,410
Standard Chartered-EUR	2,484,372,262	1,360,638,701	675,970	359,747
Standard Chartered-UGX-01	1,186,044,071	89,743,749	322,709	23,758
Standard Chartered-Fixed Deposit - UGX	536,000,000	536,000,000	145,840	141,716
Standard Chartered-USD-02	435,302,654	379,601,507	118,441	100,365
Standard Chartered-USD-04	249,947,762	113,303,665	68,008	29,957
Standard Chartered-USD-03	162,226,418	210,298,440	44,140	55,602
Standard Chartered-UGX-04	127,966,760	-	34,818	-
Standard Chartered-UGX-03	92,846,566	178,034,248	25,263	47,134
Citi bank-USD	63,343,278	71,381,649	17,235	18,873
Standard Chartered-UGX-05	5,934,993	-	1,569	-
Standard Chartered-UGX-02	5,738,032	286,263,048	1,561	75,787
Total to page 11	**8,145,618,294**	**3,960,566,079**	**2,216,286**	**1,047,349**

NOTES TO THE FINANCIAL STATEMENTS Continued…

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.13 GENERAL FUND				
At 1 January	1,512,944,544	728,484,147	435,127	294,850
Prior year adjustment (Note 10.18)	(213,029,301)	-	(61,003)	-
Transfer to / from capital reserve fund	33,890,452	(64,420,002)	8,924	(41,787)
Surplus for the year	190,925,241	848,880,399	51,032	231,356
NIH donor refund	(151,876,857)	-	(41,198)	-
Foreign Currency Translation Reserve.	-	-	(19,217)	(49,292)
Total (to page 11)	**1,372,854,079**	**1,512,944,544**	**373,665**	**435,127**
10.14 CAPITAL RESERVE FUND				
At start of year	151,670,411	87,250,409	41,787	29,608
Appropriation during the year	14,280,000	70,195,300	3,771	18,748
Release back to the general fund	(48,170,452)	(5,775,298)	(12,695)	(6,569)
As at 31 December (to page 11)	**117,779,959**	**151,670,411**	**32,863**	**41,787**

The capital fund reserve is an appropriation of the reserve fund for unrestricted funds utilised in the purchase of equipment and property.

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.15 DEFERRED CAPITAL GRANT				
As at start of year	1,352,851,573	1,484,161,316	370,798	411,524
Capital grants received during the year	110,226,833	234,602,079	29,318	63,457
Amortization for the year	(404,927,677)	(365,911,822)	(109,361)	(104,183)
As at 31 December (to page 11)	**1,058,150,729**	**1,352,851,573**	**290,755**	**370,798**

The capital grant represents an appropriation of revenue allocated to restricted funds used for the acquisition of capital equipment.

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.16 DEFERRED REVENUE GRANTS				
As at 01 January	3,822,437,586	1,306,462,695	963,980	289,615
Grants received during the year	14,743,643,693	10,183,649,620	4,041,079	2,729,557
Grants utilised during the year	(9,699,560,377)	(7,667,674,729)	(2,592,578)	(2,055,192)
As at 31 December (to page 11)	**8,866,520,902**	**3,822,437,586**	**2,412,481**	**963,980**

Deferred revenue grants refer to funds received from donors that are designated for specific projects or activities relating to periods other than the current year 2024.

NOTES TO THE FINANCIAL STATEMENTS Continued…

	2024 UGX.	Restated 2023 UGX.	2024 USD.	Restated 2023 USD.
10.17 OTHER PAYABLES				
Accounts Payable -vendors	546,563,273	-	148,714	-
Payroll Liabilities	308,598,005	198,961,380	83,967	55,633
*Inter fund payables	289,031,474	-	78,596	-
**Grants payable	151,876,856	11,452,532	41,198	3,028
Accrued Audit fees	18,351,350	34,039,890	4,993	9,000
Withholding tax payable	4,209,480	4,784,647	1,145	1,264
Total to page 11	**1,318,630,438**	**249,238,449**	**358,613**	**68,925**

* The balance relates to project expenses that were temporarily covered by the operations fund.

** The balance relates to NIH funds payable as a result of overpayment of invoices in prior periods.

10.18 PRIOR YEAR AUDIT ADJUSTMENTS

The balance relates to the reversal of staff activity advances disbursed via Beyonic, amounting to USD 61,003 (UGX 213,029,301), which had been classified under mobile money balances – cash and cash equivalents in the prior year. The reclassification reflects the obligation of the respective staff to account for the funds advanced.

10.19 POST BALANCE SHEET EVENTS

There were no post balance sheet events requiring amendments to the financial statements as at 31 December 2024.

10.20 CONTINGENCIES AND COMMITMENTS

The organisation has no known past events or conditions that may result in contingent liabilities and or commitments as at 31 December 2024.

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WORLD ALLIANCE FOR LUNG AND INTENSIVE CARE MEDICINE IN UGANDA (WALIMU)

AUDIT COMPLETION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

PKF Uganda
Certified Public Accountants
A member firm of PKF International

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Kalamu House, Plot 1B, Kira Road
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Strictly Private and Confidential

04 November 2025

The Management Board
World Alliance for Lung and Intensive Care Medicine in Uganda.
P.O. Box 9924,
Kampala, Uganda

Dear members,

AUDIT COMPLETION REPORT FOR THE YEAR ENDED 31 DECEMBER, 2024

We are pleased to enclose our report in respect of our audit for the year ended 31 December 2024 of World Alliance for Lung and Intensive Care Medicine in Uganda. (the "organisation"). The primary purpose of this report is to communicate the significant findings arising from our audit that we believe are relevant to the organisation.

The scope and proposed focus of our audit work was summarised in our Audit Planning Report, which we have already communicated to you.

We have completed the audit work and have issued an unmodified audit opinion on the financial statements.

As a firm we have embraced technology and innovation opportunities. Our work was performed using Inflo, which allows us to perform a data-driven Digital Audit, ensuring a high-quality and effective service.

We discussed the key findings from our audit with you and received notice of your approval on Friday 24 October 2025 and we look forward to further collaboration with you.

Yours Sincerely

....
Charles Oguttu
Partner
PKF Uganda

Contents **Page**

EXECUTIVE SUMMARY

AUDIT SCOPE AND APPROACH

We adopted a risk-based audit approach, focussing on the risks of the largest magnitude and with the greatest likelihood of material misstatement.

Our initial judgements in relation to planning and risk assessment was updated to reflect the performance and the financial position for the year.

We updated our materiality assessment to reflect the year-end final results. Final materiality was set at UGX 88,900,000, and no uncorrected misstatements above the trivial threshold of UGX 4,450,000 were identified.

Use of digital and data technologies

Our work this year was performed using Inflo's Digital Audit platform. Inflo provides a range of digital capabilities which facilitate a more collaborative and data-driven approach to auditing. Our use of Inflo supports a high-quality audit, allowing us to analyse entire transaction populations through data analytics. We can also work more effectively and transparently with you though Inflo's digital collaboration, whether we are remote or on-site.

Audit status

Our detailed work on the audit of the organisation is complete. There are no outstanding areas of work as at the date of this report.

The objectives of our work, our procedures and their limitations are set out in our Engagement letter. This letter also explains our approach to reporting audit findings to management, taking into account your requirements as well as our professional responsibilities. The matters raised in this report are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your operations or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

FINANCIAL RESULTS

FINANCIAL PERFORMANCE

Category	Class	Prior Year UGX.	Current Year UGX.	Net Difference UGX.	% Diff.
Grants and Donations	Income	16,923,495,533	17,457,659,142	534,163,609	3%
Employment Costs	Expense	7,971,222,110	7,442,895,743	528,326,367	7%
Sepsis	Expense	394,355,600	1,458,796,486	(1,064,440,886)	(270%)
Global Health Security EPR	Expense	619,097,876	197,709,608	421,388,268	68%
TB Diagnosis and Care	Expense	4,819,005,218	5,141,293,351	(322,288,133)	(7%)
Maternal and Child Health	Expense	1,206,226,737	2,103,390,588	(897,163,851)	(74%)
Health Systems Strengthening	Expense	602,531,712	148,955,710	453,576,002	75%
Operation Costs	Expense	462,175,881	773,692,415	(311,516,534)	(67%)
Surplus for the year		**848,880,399**	**190,925,241**		

N.B.: An increase in income is treated as positive while an increase in expenditure is treated as negative.

FINANCIAL POSITION

Category	Class	Prior Year UGX.	Current Year UGX.	Net Difference UGX.	% Difference
Property & Equipment	Asset	1,504,521,985	1,175,930,689	(328,591,296)	(22%)
Other Receivables	Asset	456,546,787	1,137,087,752	680,540,965	149%
Grants Receivable	Asset	1,167,507,712	2,275,299,372	1,107,791,660	95%
Cash and Cash equivalents	Asset	3,960,566,079	8,145,618,294	4,185,052,215	106%
Deferred Revenue Grants	Liability	(3,822,437,586)	(8,866,520,902)	(5,044,083,316)	(132%)
Deferred Capital Grants	Liability	(1,352,851,573)	(1,058,150,729)	294,700,844	22%
Other Payables	Liability	(249,238,449)	(1,318,630,438)	(1,069,391,989)	(429%)
General fund	Equity	(1,512,944,544)	(1,372,854,079)	(140,090,465)	(9%)
Capital reserve fund	Equity	(151,670,411)	(117,779,959)	(33,890,452)	(22%)

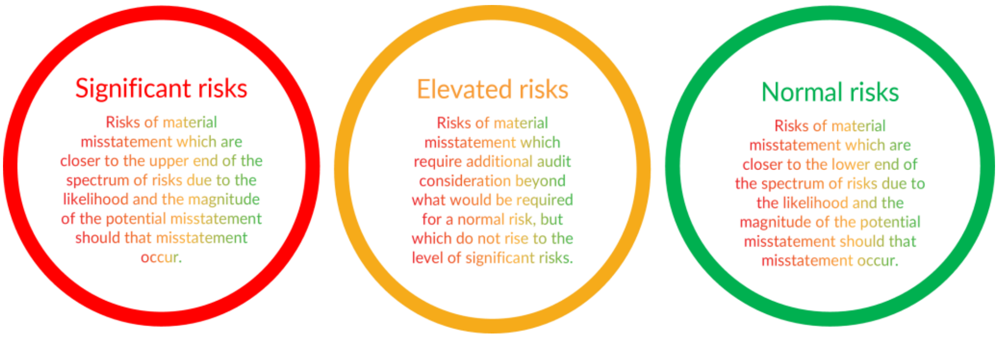
N.B.: An increase in assets is treated as positive, an increase in liabilities as negative, and an increase in funds as positive.

Significant audit and accounting matters

We approached our risk assessment using our knowledge of the organisation, the industry in which it operates, the extent to which controls meet their specific objectives, the relative materiality of individual balances and their impact on the financial statements.

This understanding helped us to form our point of view regarding audit risk, which drives our audit approach and forms the basis for planning and guiding all subsequent audit activities.

To do this we considered the significance of the combined magnitude and likelihood of each audit risk to the financial statements, resulting in a risk classification of significant (risks that appear on the upper end, red area of the Spectrum of Risks), elevated (risks that are appear within the middle, orange line of the Spectrum of Risks) and normal risks (risks that appear on the lower end, green area of the Spectrum of Risks).



The following significant risks were identified:

- **Management override of controls.** This is primarily an ISA identified significant risk. It is common for management to override the set policies and the internal control system for their benefit and to the detriment of the organisation's objectives.
- **Risk of fraud in revenue recognition.** The risk of revenue recognition is also an ISA identified significant risk which we are required to consider, however it is largely minimised for not-for-profit entities especially donor funded entities which shifted our focus on effective utilisation of donor resources.

The following elevated risks identified was:

- **Expenditure fraud:** The organisation is donor funded and therefore mandated to spend. In the absence of controls, management may manipulate expenses to ensure a favourable effect on the budgets.

We considered all other risks to be normal risks.

A summary of the work performed and the conclusion for each of these risks has been presented in Appendix A of this report.

Matters related to Internal Controls

Our findings and follow up on prior year issues are presented within Appendix D of this report.

OTHER MATTERS

Fraud

Based on the audit procedures performed, we did not note any fraudulent activities of a material nature or value.

Subsequent events

We are not aware of any events occurring after the balance sheet date which would impact upon the presentation of the organisation's financial statements.

Laws and regulations

Based on audit procedures performed, we noted an instance of non-compliance with laws and regulations relevant to the organisation which we addressed in our management letter however it does not have a material impact on the financial statements.

Litigation and claims

Based on audit procedures performed and management inquiry, there were no instances of events which might lead to litigations or claims.

Related party transactions

Based on audit procedures performed, no related party transactions outside of the normal course of operations have been identified.

Contingent assets/liabilities

Based on audit procedures performed and management inquiry, we are not aware of any significant contingent liabilities or assets that require disclosure in the organisation's financial statements.

Independence

We recognise the fundamental importance of independence and objectivity in all aspects of the work we perform and take great care in ensuring the correct procedures are in place to mitigate such risk. Independence and objectivity are critical to our ability to serve as auditors and thus are continually reviewed across the year to ensure our independence.

No issues came to our attention over the course of the audit that needed to be communicated to management.

Non-Audit services

We did not provide non -audit services.

Any other business

There is no knowledge of any events or factors that contradict the conclusions we have stated above.

APPENDICES

A. SUMMARY OF WORK PERFORMED AND CONCLUSIONS

Risk Name	Risk Level	Explanation of risk level
Risk of fraud in revenue recognition	Significant - Fraud	**Likelihood:** This is primarily an ISA identified risk and we are expected to consider it during our audits. **Magnitude:** Revenue is material to the financial statements.
Summary of work performed		**Conclusion**
- We obtained and reviewed grant agreements, workplans and budgets to confirm the source of income and expected funding. - We reconciled income reported to the receivable and deferred grants movement schedules. - We requested for a sample of donor confirmation of grants for the year under review. - We traced a sample of funding received to bank statements, invoices and receipts to confirm occurrence.		Based on the work done, there is nothing to indicate that the identified risk has not been reduced to an acceptable level.

Risk Name	Risk Level	Explanation of risk level
Risk of management override of controls	Significant - Fraud	**Likelihood:** Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. **Magnitude:** The risk is pervasive to the financial statements.
Summary of work performed		**Conclusion**
- Reconciled the opening balances to the prior year audit report. - Performed a TB vs GL analysis to ensure accuracy and completeness of closing balances. - Reviewed the journal listing for significant or unusual items for justification and adequate support. - Reviewed the financial and procedures manual to ensure compliance to financial controls. - Inspected documents to ensure review and approval of transactions reported.		Except for the issues highlighted in our management letter, there is nothing to indicate that the risk of management override of controls has not been reduced to an acceptable level.

SUMMARY OF WORK PERFORMED AND CONCLUSIONS Continued…

Risk Name	Risk Level	Explanation of risk level
Expenditure fraud	Elevated	**Likelihood:** The organisation is donor funded and therefore mandated to spend. In the absence of controls, management may manipulate expenses to ensure a favourable effect on the budgets. **Magnitude:** Expenditure is material to the financial statements.

Summary of work performed	Conclusion
- Confirmed that the expenses are reconciled to the accounting system. - Verified that expenses fall within the period under review. - Verified that expenses are duly reviewed and authorised by the responsible officials. - Verified that expenses are supported by adequate documentation such as; invoices, contracts or agreements, proof of payment, activity reports or minutes, distribution lists, evidence of transport refunds, lists of participants, third party receipts, proof of payment among others. - Confirmed that procurement is carried out in accordance with the procurement policy. - Confirmed that the accrued expenses relate to the period under review. - Ensured that outstanding project advances are duly supported. - Verified salary costs to the payroll, timesheets and payment.	Based on the work done, except for the issues raised in the management letter there is nothing to indicate that the risk of expenditure fraud has not been reduced to a reasonable level.

B. REQUIRED COMMUNICATIONS

We are required to make a number of specific communications to the Management Board. These communications and how they have been addressed are summarised in the table below:

	Planning	Completion
Copy of engagement letter to management	✓	
Nature and scope of the engagement	✓	
Independence and objectivity confirmation	✓	✓
Detail of all non-audit services provided by the firm and related fees	✓	✓
Inquiry about knowledge of any actual, suspected or alleged fraud	✓	✓
Significant changes to the audit plan		✓
Corrected and uncorrected misstatements		✓
Significant findings		✓
Proposed auditor's report		✓
Management representation letter		✓
Other required matters, or items identified during the engagement	✓	✓

C. SUMMARY OF MISSTATEMENTS

During the audit work performed, we have identified the following misstatements:

	Account	Debit UGX.	Credit UGX.	Narration/Status
1.	704-1 · Staff Salaries	15,190,000		***Being the correction of the other payables.***
	554-2 · LST		15,190,000	
	Total	**15,190,000**	**15,190,000**	Agreed to correct.
2.	2311A · Thrasher	544,748		***Being the re-classification of the balances relating to the same donor project.***
	2315 · FI Care	12,072		
	2398 · End Childhood TB	727,787		
	2334 · ALSA		727,787	Agreed to correct.
	24-44 · CO- Shared Costs		544,748	
	2328 · Family Integrated Care 2		12,072	
	Total	**1,284,607**	**1,284,607**	
3.	171 · Standard Chartered-USD-01	34,288		***Being the recognition of the bank balances at the closing rate.***
	260 · Standard Chartered-EUR	176		
	370 · Standard Chartered-USD-03	245		
	380 · Standard Chartered-USD-04	31		Agreed to correct.
	360 · Standard Chartered-USD-02		644	
	440 · Citi bank-USD		170	
	706 · Exchange Gain or Loss		33,926	
	Total	**34,740**	**34,740**	
4.	400 · Standard Chartered-UGX-02	167,855,927		***Being the reclassification of the overstated cashbook balances.***
	430 · Standard Chartered-UGX-05	121,175,545		
	564 · Inter project Transfer		289,031,472	Agreed to correct.
	Total	**289,031,472**	**289,031,472**	
5.	560 · Grants payable - refund	151,876,857		***Being the recognition of the NIH donor refund.***
	600 · Opening Balance Equity		151,876,857	
	Total	**151,876,857**	**151,876,857**	Agreed to correct.
6	450. Grants receivable	68,609,940		***Being the correction of the fund balances.***
	563 · Deferred grant liability	3,480,481		
	701 · Grants		72,090,421	Agreed to correct.
	Total	**72,090,421**	**72,090,421**	

	Account	Debit UGX.	Credit UGX.	Narration/Status
7.	701 · Grants	92,263,191		***Being the reversal of the expensed donor assets.***
	2339 · GHES Fellowship		4,833,333	
	2395 · Clubfoot Program		34,975,558	Agreed to correct.
	2388 · RTC_PCD		4,901,250	
	2369 · CHASE TB Study		7,625,633	
	2355 · R2D2		6,840,045	
	2352 · TURN TB		4,255,000	
	2396 · STAIRS 2 Project		10,593,869	
	2334 · ALSA		2,721,667	
	2379 · Aspire Malongo Forest Re		5,610,729	
	2385 · ST BCCHF Sustainability		2,081,440	
	2329 · Lacuna Smart Discharges		4,983,000	
	2328 · Family Integrated Care 2		2,841,667	
	Total	**92,263,191**	**92,263,191**	
8.	502 · Computer equipment	48,614,801		***Being the recognition of Property and equipment balances.***
	503 · Office Furniture	4,398,199		
	504 · Office Equipment	21,804,276		
	505 · Motor Vehicles	17,422,555		Agreed to correct.
	506 · Other equipment	186,359,372		
	24. Depreciation	48,170,452		
	701 · Grants	7,440,263		
	526 · Computer equipment		23,570,596	
	527 · Office Furniture		1,323,181	
	528 · Office Equipment		5,474,949	
	529 · Motor Vehicles		7,170,151	
	530 · Other equipment		49,434,580	
	562 · Deferred capital grant		173,855,978	
	24-2 · CO- Materials and Supplies		14,280,000	
	602 · Capital fund		17,769,766	
	600 · Opening Balance Equity		41,330,715	
	Rounding off		2	
	Total	**334,209,918**	**334,209,918**	

Account		Debit UGX.	Credit UGX.	Narration/Status
9.	700 · Grants and donations:705-1 · Indirect cost charge	295,936,146		***Being the correction of the income balance.***
	601 · Unrestricted Net Assets		295,936,146	Agreed to correct.
	Total	**295,936,146**	**295,936,146**	
10.	453 · Prepaid expense	5,138,000		***Being the recognition of the prepaid legal fees.***
	24-30 · CO- Statutory and Legal		5,138,000	
		5,138,000	**5,138,000**	Agreed to correct.
11	24-30 · CO- Statutory and Legal	15,957,446		***Being the re-classification of the balances.***
	709. Other staff costs	2,640,000		
	707 · Staff insurance	17,691,088		Agreed to correct.
	24-1 · CO- Human Resource		36,058,589	
	600 · Opening Balance Equity		229,945	
	Total	**36,288,534**	**36,288,534**	
12	600 · Opening Balance Equity	281,663,667		***Being the transfer of exchange gain or loss to reserves.***
	706 · Exchange Gain or Loss		281,663,667	
	Total	**281,663,667**	**281,663,667**	Agreed to correct.

D. MANAGEMENT LETTER

BACKGROUND

We have set out below issues identified during the course of our normal review work and have not attempted to indicate all possible improvements which a special review might develop.

CLASSIFICATION

The identified issues have been classified into the following three categories in this management letter.

i. **Compliance issues**
We have included issues related to adherence to relevant laws.

ii. **Operational Issues**
We have included our comments on general operational observations and our recommendations.

iii. **Financial controls Issues**
For certain identified accounts/processes, we have detailed the organisation's risks and our control recommendations. In addition, we have also included efficiency recommendations as areas of improvement, on certain areas.

RANKING

The issues have been ranked as high, medium or low using the criteria described below:

H — **High:** This indicates an issue we consider high risk and is critical Management Committee should pay particular attention to this area to ensure that the issue is given high priority to be addressed and resolved.

M — **Medium:** This suggests a medium level of risk, indicating there is some risk present in this area. Therefore, the responsible manager should conduct a careful review.

L — **Low:** Whilst not critical, the responsible manager should be aware of this issue and monitor it to ensure it does not become medium or high risk

COLOR CODE FOLLOW UP GUIDE

- The matter has not been addressed at all.
- The matter has been addressed but not concluded.
- The matter has been satisfactorily resolved.

MANAGEMENT LETTER continued…

	SUMMARY OF THE CURRENT YEAR ISSUES/WEAKNESSES	Ranking (High/Medium/ Low)	Page Number
1.0	**REGULATORY COMPLIANCE ISSUES**		
1.1	Excessive PAYE deductions from combined monthly salary payments.	High	16
1.2	Potential Tax exposure from long-outstanding staff advances.	High	17
2.0	**OPERATIONAL ISSUES**		
2.1	Lack of documented management action plans in the internal audit reports.	Medium	18
2.2	Gaps in property and equipment management.	Medium	19
2.3	Gaps in procurement processes.	Medium	20
2.4	Excessive use of paper.	Medium	20
2.5	Gaps in payroll management.	Medium	21
2.6	Inadequate support documents.	Medium	21
3.0	**FINANCIAL CONTROL ISSUES**		
3.1	Gaps in the management of staff activity advances	High	22
3.2	Absence of aging analyses	Medium	22

MANAGEMENT LETTER continued…

	Finding	Description	Recommendation	Management Response	Ranking
1.0	**COMPLIANCE ISSUES**				
1.1	**Excessive PAYE deductions from combined monthly salary payments**	**Observation** Income Tax Act (Cap. 340), Section 118 requires Pay-As-You-Earn (PAYE) to be calculated based on **monthly** income. We noted that outstanding salary payments for some staff, relating to previous months were processed in a single month's payroll resulting in PAYE being computed on combined monthly salaries. **Risk/ Implication** Charging PAYE on combined salaries leads to excessive PAYE because the cumulative amount pushes staff salaries into higher tax brackets due to the progressive nature of the tax.	We recommend that management prepares the monthly payrolls based on the salaries obligation for that month and recognise a payable for staff salaries whose funding is not yet received. In the event of receipt of funding, the staff are paid and the payable is cleared.	*We acknowledge the observation. Salary arrears mainly arise from delayed funding confirmations, retrospective salary adjustments and late communication of staff appointments. From 2025, salary obligations will be posted monthly, unpaid amounts recognised as payables, and cleared upon payment. Project teams have been guided to adhere to the HR Manual to strengthen payroll management.*	H

	Finding	Description	Recommendation	Management Response	Ranking
1.2	**Potential tax exposure from long-outstanding staff advances**	**Observation** Under the Income Tax Act (Cap. 340), the Fifth Schedule, long-outstanding salary or staff advances may be treated as interest-free loans when the total loan or advance exceeds one million Uganda shillings. Such payments are considered employment benefits and the difference between the market interest rate and the interest actually charged is treated as a taxable benefit and included in the employee's income for PAYE purposes. We noted that staff activity and salary advances often take more than three months to be cleared. **Risk/Implication** There is a risk of tax penalties and interest charges from Uganda Revenue Authority. This may also lead to cashflow constraints and financial disputes during staff termination/resignation.	We recommend that a clear policy on activity advances, requiring retirement for not more than three months be established to hold staff accountable and reduce the risk of misuse and tax compliance issues.	*We acknowledge the observation. WALIMU will adhere to the government standard for the treatment of staff advances.*	H

MANAGEMENT LETTER continued...

	Finding	Description	Recommendation	Management Response	Ranking
2.0	**OPERATIONAL CONTROLS ISSUES**				
2.1	**Lack of documented management action plans in the internal audit reports.**	**Observation** We noted that although the Internal Auditor prepares reports to address internal control and compliance issues, action plans by management to mitigate the risks are not documented. **Risk/Implication** This undermines accountability and increases the risk of recurring control failures and compliance issues.	We recommend that the Internal Auditor includes clear, documented action plans in audit reports, outlining responsibilities and timelines for management to ensure accountability and effective resolution of identified issues.	*We acknowledge the observation. Although internal audit issues are discussed in management meetings, going forward, internal audit reports will include specific action points with clear timelines for implementation to ensure that all issues are addressed and adequately followed up.*	M

MANAGEMENT LETTER continued...

	Finding	Description	Recommendation	Management Response	Ranking
2.2	**Gaps in property and equipment management**	**Observation** Our review of fixed assets revealed that some high-value items, such as mini X-ray machines, were labelled using simple paper and glue stickers instead of being engraved or labelled with permanent identification tags. **Risk / Implication** This increases the risk of tampering or loss, as simple stickers can be easily removed or altered.	We recommend that management ensures property and equipment are engraved or permanently tagged with durable identification labels to strengthen asset safeguarding controls.	*We acknowledge the comment. WALIMU will improve to use a stronger type of stickers to safeguard the assets.*	M
		Observation During the audit, we noticed that some staff were using their own personal laptops for official work instead of organisation laptops. **Risk/ Implication** Personal devices may lack adequate security controls such as encryption, antivirus protection and access restrictions making organisational data vulnerable to loss, cyber threats or unauthorised access. It also limits the organisation's ability to monitor and manage data in line with policy, donor and the Data Protection and Privacy Act 2019.	We recommend that staff discontinue the use of personal devices for official work and instead use organisation-issued tools and equipment to fulfil their duties. In addition to this, staff should be required to sign confidentiality and data protection forms to reinforce their responsibility in safeguarding organisational information.	*We acknowledge the observation. A few staff use personal laptops where budget constraints have not permitted the purchase of new devices.*	

	Finding	Description	Recommendation	Management Response	Ranking
2.3	**Gaps in procurement processes.**	**Observation** During our review, we noted that the procurement committee does not sign conflict of interest forms at very procurement sitting. **Risk / Implication** The Procurement Committee may not be held accountable for potential bias or undue influence in the procurement processes.	We recommend that all members of the procurement committee sign conflict of interest forms at every sitting to ensure that any personal interests that may influence a procurement decision are identified and appropriately addressed. This also ensures that staff commit to ethical values.	*We acknowledge the observation. The COI forms were being signed at the time of appointment of the procurement committee. Moving forward, the evaluation committee will sign the Conflict-of-Interest form at every sitting.*	M
2.4	**Excessive use of paper**	**Observation** We noted that volunteer stipends, staff training allowances and per diem payments for similar activities were processed using separate payment vouchers for each individual, rather than using a consolidated payment list with individual sign-offs. As a result, the same supporting documents were repeatedly photocopied and attached to each individual voucher. **Risk/Implication** This leads to wastage of resources such as time, paper, ink and storage space which distorts the audit trail and makes it difficult to verify how much was spent on a particular activity.	We recommend that management adopts consolidated payment schedules for the same activity to minimise duplication and improve efficiency in cost management.	*We acknowledge the observation. Nonetheless, we will explore ways to optimise this process—such as minimizing repetitive printing—while maintaining the benefits of the current approach in terms of accuracy, audit trail, and bank processing efficiency.*	M

	Finding	Description	Recommendation	Management Response	Ranking
2.5	**Gaps in payroll management**	**Observation** We noted significant differences between payrolls and the salaries reported in the ledger accounts. This was because some staff salaries were processed outside the payroll system. Management subsequently amended the payrolls to reconcile these differences however, this indicates an internal control weakness in the payroll management process. **Risk / Implication** This may result in inaccurate financial reporting and expose the organisation to tax-related risks such as fines and penalties.	We recommend that management thoroughly reviews the payrolls before processing them to ensure that all staff salary obligations for each month are fully captured. Quarterly reconciliations of payroll balances should be done to ensure that errors and omissions are identified and rectified.	*We acknowledge the oversight. This occurred where some monthly payroll had already been approved and paid, but additional staff were later recruited and paid within the same month, resulting in discrepancies between the ledger and the approved payroll.* *From 2025, we shall ensure that all staff obligations are included on the payroll before approval and monthly reconciliations will be performed to ensure payrolls are reconciled to the ledger balances.*	M
2.6	**Inadequate support documents**	**Observation** Section 5.6.3 of the financial policies and procedures manual requires that all payment vouchers be supported by adequate documentation that justifies the expenditure. During our review, we noted that many payments especially for per diems, travel facilitation and partner disbursements lacked adequate support, with key documents like activity reports, receipts, and invoices often missing. **Risk/ Implication** This makes it difficult to verify that funds were utilised for their intended purpose.	We recommend that management adheres to policy by ensuring that all payment vouchers are fully supported with the appropriate documentation.	*We acknowledge the observation. This was mainly because multiple payment vouchers are prepared for a single activity and all supporting documents are attached to the lead payment voucher and are not consistently duplicated on other related payment vouchers. Going forward, we shall ensure that each payment voucher is adequately supported with the necessary documents.*	M

	Finding	Description	Recommendation	Management Response	Ranking
3.0	**FINANCIAL CONTROLS ISSUES**				
3.1	**Gaps in the management of Staff Activity Advances**	**Observation** We noted that 74% of the activity advances outstanding at year end amounting to UGX 722,322,554 had not been cleared within 90 days and 53% for over seven months. In some instances, staff requested and received additional advances before settling their previous obligations. This issue has been recurrent from previous periods. **Risk /Implication** There is a risk of overstatement of staff activity advances, misappropriation of funds through teeming and lading (using receipts from one advance to conceal shortages in another) and tax exposure.	We recommend that management establishes a clear policy on activity advances, requiring retirement within three months, restricting provision of new advances to staff with outstanding accountabilities, escalating unresolved cases for appropriate action and staff training on the policy to ensure compliance.	*We acknowledge the observation. The outstanding advances were subsequently cleared in year 2025.*	H
3.2	**Absence of aging analyses.**	**Observation** We noted that WALIMU does not maintain payables and receivables aging analyses. As a result, there is no systematic documented tracking of how long balances have been outstanding. The financial policies and procedures manual does not provide guidance on the preparation, review or use of aging analyses for payables and receivables. **Risk/Implication** This increases the risk of poor cash flow management, delayed payments to suppliers and delayed collection from debtors. It reduces visibility into outstanding obligations and receivables.	We recommend that the financial policies and procedures manual be updated to include guidance on aging analyses to promote accountability, improve financial oversight and support effective cash flow management.	*We acknowledge the observation. The upgraded financial system now generates aging analyses for payables and receivables, and the Financial Policies and Procedures Manual is being updated accordingly. Furthermore, advance report templates are now signed and approved by staff before providing new advances.*	M

4.0 PRIOR YEAR FOLLOW-UP ISSUES

No.	Finding	Description	Further Comments	Status Update
MANAGEMENT LETTER FY 2023				
4.1	**Lack of an income tax exemption certificate.**	We noted that management did not obtain a tax exemption certificate required by Section 2 of the Income Tax Act, Chapter 340 Part bb (ii). We recommended that management adheres to the stipulated law.	*Management is in the process of obtaining an income tax exemption certificate for the year 2023 and 2024.*	This issue is a work in progress.
4.2	**Lack of distinction between management and those charged with governance**	We noted that those charged with management are comprised of Principal Investigators who are involved in the day to day management of projects. We recommended; a) separation of the governance and management roles i.e. the organisation may consider establishing a project advisory committee separate from the Board; b) Board members who are also Principal Investigators may opt to not participate in decisions directly affecting their projects; c)Diversification of the Board to include members with varied backgrounds and professional skills to foster strategic focus and reduce operational bias; We recommended inclusion of a strong conflict of interest policy in the Board Charter and establishment of clear roles of the Board and Management to ensure that there is no overlap.	*Management is in the process of reconstituting the Board.*	This issue is a work in progress.
4.3	**Lack of consistency between the financial policies and procedures manual and the newly adopted financial reporting framework.**	Our review of the organisation's financial policies and procedures manual revealed that the manual was not revised to suit the requirements of the financial reporting framework (IFRS for SMEs) following the organisation's transition from its previously adopted accounting policies. We recommended that management expediates process of revising of the manual.	*Management is still in the process of revising the manual.*	This issue is a work in progress.

No.	Finding	Description	Further Comments	Status Update
4.4	**Lack of approval of cost overruns**	We noted that the organisation spent on advance grants by USD 56,150, utilising funds from the operations budget, however, there was no documented commitment for reimbursement from the donors or approval from the Board to finance these expenses. We recommended that management seeks donor approval before financing any cost overruns on donor projects. Additionally, it is crucial to obtain and document Board approval before diverting the operations budget.	*We noted an overspend of UGX. 123,134,627 (USD 33,504) from the operations fund on clubfoot salaries, despite clubfoot funds being available. This resulted in commingling of donor funds and created challenges in reconciling donor accounts.*	This issue is still outstanding.
4.5	**Lack of reconciliations for the Beyonic – cashbook balances**	We noted that the organisation uses beyonic mobile money and had a closing balance of USD 61,003 however no reconciliations were performed. We recommended that management reconciles the beyonic balances on a monthly basis.	*Beyonic reconciliations were not performed in the year however management is in process of centralising the mobile platform under the finance team to ensure monthly reconciliations are performed.*	This issue is still outstanding.
4.6	**Unreconciled staff advances**	We noted that outstanding staff advances amounting to USD 75,416 were included in the financial statements however there was no confirmation from staff regarding outstanding amounts or approval of what each staff member owes at the end of the year. We recommended that staff advances are reconciled at each point of replenishment. This process includes providing accountability for any outstanding balances, approval from both the line manager and the Executive Director and acknowledgment by the staff member before a new advance is issued.	*Reconciliation of staff advances remains a significant issue in the current audit and will require close follow-up in the subsequent audit.*	This issue is still outstanding.
4.7	**Inappropriate accounting system utilisation.**	We noted that the accounting system was utilised in support of the previous accounting and reporting framework which operated on a modified cash basis of accounting. We recommended that management should align accounting practice to comply with the current requirements of the new framework, to ensure accurate and fair financial presentation	*WALIMU has upgraded the accounting system to support full accrual-based reporting in line with the IFRS for SMEs Standard and continues to streamline the system to ensure compliance and accurate financial reporting.*	This issue is considered closed.

MANAGEMENT LETTER BEYOND FY 23				
No.	**Finding**	**Description**	**Further Comments**	**Status Update**
4.8	**Incomplete personnel files**	In contrast to the requirements of Section 2.4 of the Human Resource manual, we noted that a number of files had expired contracts, lacked appraisal forms, leave forms and evidence of the handover reports. We recommended that management ensures all staff files contain all relevant personnel documents.	*Based on our review of a sample of personnel files, we did not find material issues relating to incomplete personnel records.*	This issue is considered closed.
4.9	**Long outstanding activity advances**	Section I (1.7 – 1.8) of the financial policies and procedures manual requires the follow-up on staff advances after 2 weeks. We had noted that there were outstanding activity advances for more than 5 months. We recommended that management ensures activity advances are accounted for within the stipulated time or deducted from the respective staff's monthly salaries as guided by policy.	*This issue has been outstanding for two years and has therefore been re-addressed in the current year under 3.1*	This issue is still outstanding.
4.10	**Synchronising Governance and Recruitment roles**	During our review of the Board of Directors minutes, we had noted a proposal to change the organisation's lawyer, which the Board of Directors expressed interest in overseeing despite it being outside their mandate. We recommended that Board members focus on governance and strategic roles, allowing management to handle the recruitment or procurement of service providers.	*The Board Charter is still under review to streamline the roles of the Management Board.*	This issue is still outstanding.
4.11	**Lack of clear guidance on capitalisation of assets.**	We noted gaps in the capitalisation policy and recommended revision of the same to ensure clarity for all users.	*The financial policies and procedures manual is still under review.*	This is issue is not completely resolved.

5.0 RESPONSIBILITY STATEMENT

This report sets out those matters of audit interest that have come to our attention during the audit. Our audit is not designed to identify all matters that may be relevant to the organisation and neither this report nor any subsequent reports will be a comprehensive statement of all deficiencies which may exist in internal control or other improvements which may be made.

This report has been prepared for the Management Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared for any other purpose. This report should not be made available in whole or in part to any other party without our prior written consent.

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