



MEMORANDUM

DATE: August 2, 2018

TO: USAID/Uganda, Mission Director, Joakim Parker

FROM: Regional Inspector General/Pretoria, Rob Mason /s/

SUBJECT: Closeout Audit of USAID Resources Managed by Joint Clinical Research Centre in Uganda Under Cooperative Agreement AID-617-A-10-00006-00, July 1, 2016, to December 31, 2017 (Report No. 4-617-18-093-R)

This memorandum transmits the final audit report on USAID Resources Managed by Joint Clinical Research Centre (JCRC). JCRC contracted with the independent certified public accounting firm PKF, Kampala, Uganda through the Office of the Auditor General, Uganda to conduct the audit. The audit firm stated that the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) except that the audit firm did not have an external review program that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on JCRC's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate JCRC's internal controls; (3) determine whether JCRC complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

To answer the audit objectives, PKF (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues received from USAID for the period covered by the audit and the costs reported by JCRC as incurred from July 1, 2016, to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to JCRC's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (3) identified the award terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. JCRC reported expenditures of \$2,650,359 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm also reported one significant deficiency in internal control and one instance of material noncompliance. In addition, the audit firm identified \$807 in ineligible questioned costs. OIG does not make recommendations if total questioned costs are less than \$1,000. However, we encourage the mission to follow up on these costs and recover any amounts due to USAID.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller, dated August 2, 2018.

To address the issues identified in the report, we recommend that USAID/Uganda:

Recommendation 1. Verify that Joint Clinical Research Centre corrects the one significant deficiency in internal control detailed on pages 32 and 33 of the audit report.

Recommendation 2. Verify that Joint Clinical Research Centre corrects the one instance of material noncompliance detailed on page 36 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) (“commercial or financial information obtained from a person that is privileged or confidential”).