



## MEMORANDUM

**DATE:** June 25, 2019

**TO:** USAID/Uganda, Mission Director, Joakim Parker

**FROM:** USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by Send a Cow Uganda Limited Under Multiple Agreements, July 1, 2017, to June 30, 2018 (Report No. 4-617-19-095-R)

This memorandum transmits the final audit report on USAID resources managed by Send a Cow Uganda (SACU) Limited under 1) cooperative agreement AID-617-A-16-00002, Agriculture for Women With Disability Activity, and 2) subaward UG-15-SUBAGR-000P0367-13-00, Sustainable Outcomes for the Children and Youth Activity under Catholic Relief Services. SACU contracted with the independent certified public accounting firm Carr Stanyer Sims & Co., Kampala, Uganda to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit firm states that it performed its audit in accordance with GAGAS, except that the audit firm did not have continuing professional education and external quality control review programs 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 SACU's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 SACU's internal controls; (3) determine whether SACU complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of prior period recommendations.

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<sup>1</sup> 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, Carr Stanyer Sims & Co. (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 SACU as incurred from July 1, 2017, to June 30, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to SACU'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 prior period recommendations. SACU reported expenditures of \$1,114,690 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 identified \$1,505 in ineligible questioned costs. The audit firm also reported two significant deficiencies in internal control and two instances of material noncompliance. No material weaknesses in internal control were identified.

Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Uganda determine the allowability of the \$343 in questioned costs pertaining to SACU's prime award and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Uganda determine if the recipient addressed the issues noted.

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 memo to the controller, dated June 25, 2019.

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

**Recommendation 1.** Verify that Send a Cow Uganda Limited provides Catholic Relief Services with copies of the findings raised in Carr Stanyer Sims & Co.'s audit report for their review and any appropriate action regarding the allowability of \$1,162 in ineligible questioned costs and the two instances of material noncompliance detailed on pages 31 to 33 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").