



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 23, 2022

TO: USAID/Uganda, Mission Director, Richard Nelson

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

SUBJECT: Financial Audit of USAID Resources Managed by Uganda Protestant Medical Bureau Under Multiple Awards, July 1, 2020, to June 30, 2021 (Report No. 4-617-22-059-R)

This memorandum transmits the final audit report on USAID resources managed by Uganda Protestant Medical Bureau (UPMB) under the following awards:

| Award Name (Type) | Award Number | Audit Period | Prime Implementer |
|--|---------------------------------|-------------------------------|-----------------------------|
| Local Service Delivery for HIV/AIDS Activity (cooperative agreement) | 72061720CA0016 | Aug. 12, 2020 – Jun. 30, 2021 | |
| Family Planning Activity (subagreement) | 72061720CA00004/UGSA000X-UG2001 | Jul. 1, 2020 – Jun. 30, 2021 | Pathfinder International |
| Uganda Health System Strengthening Activity (subagreement) | 72061719C00006/UHSS_UPMB | Jul. 1, 2020 – Jun. 30, 2021 | Palladium International LLC |

UPMB contracted with the independent certified public accounting firm Kisaka & Company, Kampala, Uganda, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on UPMB's schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2)

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.

evaluate UPMB's internal controls; (3) determine whether UPMB 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.

To answer the audit objectives, Kisaka & Company (1) audited the schedule of expenditures of USAID awards 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 UPMB as incurred from July 1, 2020, to June 30, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to UPMB's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (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 schedule of expenditures of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. UPMB reported expenditures of \$7,868,068 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified \$49,341 in ineligible questioned costs related to cost sharing contributions; three material weaknesses in internal control; and six instances of material noncompliance.

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 May 23, 2022.

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

Recommendation 1. Verify that Uganda Protestant Medical Bureau corrects the three material weaknesses in internal control detailed on pages 32 to 35 of the audit report.

Recommendation 2. Verify that Uganda Protestant Medical Bureau corrects the six instances of material noncompliance detailed on pages 38 to 42 of the audit report.

Recommendation 3. Determine the allowability of the \$49,341 in ineligible questioned cost sharing contributions identified in the cost share contribution schedule on page 45 of the audit report and take any corrective action under ADS 303.3.10 deemed necessary.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").