



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 2, 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 Transcultural Psychosocial Organisation in Uganda Under Multiple Agreements, January 1 to December 31, 2021 (Report No. 4-617-23-019-R)

This memorandum transmits the final audit report on USAID resources managed by Transcultural Psychosocial Organisation (TPO) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Peaceful Co-Existence and Resilience Activity (PEACE) (cooperative agreement)	72061718CA00003	Jan. 1 – Dec. 31, 2021	
Keeping Children Healthy and Safe Activity (KCHS) (cooperative agreement)	72061720CA00018	Jan. 1 – Dec. 31, 2021	
Health Evaluation and Applied Research Development (HEARD) (subaward)	AID-OAA-A-17-00002 Subaward FY20-A05-6024	Jan. 1 – Dec. 31, 2021	University Research Co. LLC (URC)

TPO contracted with the independent audit firm PKF, Kampala, Uganda to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on TPO's schedule of expenditures of USAID awards; 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 schedule of expenditures

<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.

of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate TPO's internal controls; (3) determine whether TPO 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, PKF (1) audited the schedule of expenditures of USAID awards 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 TPO as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to TPO'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. TPO reported expenditures of \$3,855,779 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 except for \$38,642 in ineligible questioned costs. The audit identified no material weaknesses in internal control and four instances of material noncompliance. 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 areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated November 2, 2022

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

**Recommendation 1.** Determine the allowability of \$38,642 in ineligible questioned costs on pages 17 and 23 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Transcultural Psychosocial Organisation corrects the four instances of material noncompliance detailed on pages 38 to 42 of the audit report.

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").