



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 6, 2023

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 Women's Efforts to Save Orphans in Uganda Under Multiple Awards, January 1 to December 31, 2022 (Report No. 4-617-24-020-R)

This memorandum transmits the final audit report on USAID resources managed by Uganda Women's Efforts to Save Orphans (UWESO) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Orphans and Vulnerable Children Northeast Activity (cooperative agreement)	72061722CA00004	Sep. 30 – Dec. 31, 2022	
Integrated Child and Youth Development Activity (subaward) - closeout	72061720C00001	Jan. 1 – Aug. 31, 2022	World Education Inc.

UWESO contracted with the independent audit 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. However, it did not have continuing professional education and external peer review 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 UWESO'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) evaluate UWESO's internal controls; (3) determine whether UWESO complied with award terms and applicable laws and regulations; (4) review the indirect cost rate, or determine that

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.

the review of the indirect cost rate was not applicable; 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 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 UWESO as incurred from January 1 to December 31, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to UWESO'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) determined that the review the implementation status of the prior period recommendations was not applicable. UWESO reported expenditures of \$928,569 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 \$697 in ineligible questioned costs; seven material weaknesses in internal control; and no instances of material noncompliance. 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 \$697 in questioned costs and recover any amount determined to be unallowable.

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

Recommendation 1. Verify that Uganda Women's Efforts to Save Orphans corrects the seven material weaknesses in internal control detailed on pages 28 to 37 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.