



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: June 11, 2024

TO: USAID/Uganda, Mission Director, Daniele Nyirandutiye

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

SUBJECT: Financial Audit of USAID Resources Managed by Infectious Diseases Institute Limited in Uganda Under Multiple Awards, July 1, 2022, to June 30, 2023 (Report No. 4-617-24-093-R)

This memorandum transmits the final audit report on USAID resources managed by Infectious Diseases Institute Limited (IDI) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Program for Accelerated Control of TB in Karamoja (PACT Karamoja) (cooperative agreement)	72061720CA00003	Jul. 1, 2022 – Jun. 30, 2023	
USAID Local Partner Health Service (LPHS)-TB Activity (cooperative agreement)	72061722CA00003	Jul. 1, 2022 – Jun. 30, 2023	
USAID Orphans and Vulnerable Children Inter-Regional (OVC Inter-Regional) Activity (cooperative agreement)	72061722CA00005	Sep. 30, 2022 – Jun. 30, 2023	
Regional Health Integration to Enhance Services – North Acholi – (RHITES North –Acholi) (subcontract) - closeout	FY18-S02-8839	Jul. 1, 2022 – Jun. 30, 2023	University Research Company
Uganda Health Systems Strengthening Activity (subcontract)	AID-277101-IDI-03	Jul. 1, 2022 – Jun. 30, 2023	Palladium International LLC
Health Evaluation Research and Development Project (sub agreement)	FY17-A04-6024	Jul. 1, 2022 – Jun. 30, 2023	University Research Co LLC
Integrated Child and Youth Development (subcontract) - closeout	ICYD/2020/IDI/101	Jul. 1, 2022 – Aug. 31, 2022	World Education Inc
Local Service Delivery for HIV AIDS Activity (LSDA) (sub agreement)	USAID/UPMB/02-01	Jul. 1, 2022 – Jun. 30, 2023	Uganda Protestant Medical Bureau

IDI contracted with the independent audit firm Ernst and Young, Kampala, Uganda to conduct the audit. The audit firm stated that it performed its audit in accordance with International Standards of Auditing in conjunction with generally accepted government auditing standards.

However, it did not have an external peer review 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 IDI'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 IDI's internal controls; (3) determine whether IDI complied with award terms and applicable laws and regulations; (4) review the indirect cost rate, or determine that 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, Ernst and Young, Kampala, Uganda (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 IDI as incurred from July 1, 2022, to June 30, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to IDI'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. IDI reported expenditures of \$8,772,867 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 no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. The audit firm issued a management letter.

Accordingly, we are not making any recommendations.

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 June 11, 2024.

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

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.

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.