



MEMORANDUM

DATE: May 22, 2019

TO: USAID/Uganda, Acting Mission Director, Francisco Somarriba

FROM: USAID OIG Africa Regional Office, Assistant Director, Louis Duncan, Jr. /s/

SUBJECT: Financial Audit of USAID Resources Managed by Uganda Health Market Group Under Multiple Agreements, for the Fiscal Year Ended September 30, 2017 (Report No. 4-617-19-078-R)

This memorandum transmits the final audit report on USAID resources managed by Uganda Health Market Group (UHMG) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime implementer
Social Marketing Activity (cooperative agreement)	AID-617-A-15-00012	Oct 1,2016-Sep 30,2017	Uganda Health Market Group
Regional Health Integration to Enhance Services in South Western Uganda RHITES-SW (subagreement)	AID-617-A-15-00010	March 1, 2017-Sep 30,2017	Elizabeth Glaser Pediatric AIDS Foundation -
Health Initiative in Workplaces Activity HIWA(subagreement)	AID-617-A-15-00001	Oct 1,2016-Sep 30,2017	World Vision -
Communication for Healthy Communities(subagreement)	AID-617-A-13-00003	July 1, 2014-Dec 19, 2015	FHI260 -

UHMG contracted with the independent certified public accounting firm Deloitte and Touché, Kampala, Uganda to conduct the audit. The audit firm stated that 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 UHMG's fund accountability statement; 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 fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate UHMG's internal controls; (3) determine whether UHMG complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; (5) express an opinion on whether the cost share schedule is fairly presented in accordance with generally accepted accounting principles; and (6) review the implementation status of the prior period recommendations.

To answer the audit objectives, Deloitte and Touché (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 UHMG as incurred for the fiscal year ended September 30, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to UHMG'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; (5) reviewed the cost sharing schedule; and (6) reviewed the implementation status of the prior period recommendations. UHMG reported expenditures of \$7,925,353 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. In addition, the audit firm reported one significant deficiency in internal control and one instance of material noncompliance. We are not making a recommendation for the significant deficiency in internal control noted in the report; however, we suggest that USAID/Uganda determine if UHMG addressed the issue noted. Moreover, the one instance of material noncompliance is a repeat finding from the prior year. As such, we will not make a recommendation to address this instance. Accordingly, we make no recommendations.

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 22, 2019.

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.

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”).