



MEMORANDUM

DATE: May 18, 2020

TO: USAID/Uganda, Mission Director, Richard Nelson

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Send a Cow Uganda Under Multiple Agreements, July 1, 2018, to September 30, 2019 (Report No. 4-617-20-069-R)

This memorandum transmits the final closeout audit report on USAID resources managed by Send a Cow Uganda (SACU) under (1) cooperative agreement AID-617-A-16-00002, Agriculture for Women with Disability Activity, and (2) subagreement UG-15-SUBAGR-000P0367-13-00, Sustainable Outcomes for the Children and Youth Activity under Catholic Relief Services. SACU contracted with the independent certified public accounting Carr Stanyer Sims & Co., 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 continuing professional education and 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 SACU'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 SACU's internal controls; (3) determine whether SACU 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, Carr Stanyer Sims & Co. (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

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.

SACU as incurred from July 1, 2018, to September 30, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to SACU'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; and (5) reviewed the implementation status of the prior period recommendations. SACU reported expenditures of \$1,438,489 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, except for \$314 in ineligible questioned costs; no material weaknesses in internal control; and one instance of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation and the noncompliance finding specifically relates to questioned costs, we are not making a recommendation. Nevertheless, we suggest that USAID/Uganda determine the allowability of the \$314 in ineligible questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the one material noncompliance noted in the report, we suggest that USAID/Uganda determine if the recipient addressed the issues noted.

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 controller, dated May 18, 2020.

We appreciate the assistance extended during the engagement.

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").