



MEMORANDUM

DATE: February 17, 2021

TO: USAID/Uganda, Mission Director, Richard Nelson

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

SUBJECT: Financial Audit of USAID Resources Managed by Infectious Diseases Institute Limited in Uganda Under Multiple Awards, July 1, 2019, to June 30, 2020 (Report No. 4-617-21-038-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	Period Audited	Prime Implementor
Program for Accelerated Control of TB in Karamoja (grant)	72061720CA00003	Jan. 13, 2020 – Jun. 30, 2020	
Malaria Action Program for Districts (sub-contract)	AID-617-C-160001	Jul. 1, 2019 – Jun. 30, 2020	Malaria Consortium Uganda
DEFEAT TB Project in Wakiso, Kampala and Mukono (sub-agreement)	FY-18-CR01-6027	Jul. 1, 2019 – Jun. 30, 2020	University Research Company Consortium
Health Evaluation and Research Development (sub-agreement)	FY17-A04-6024	Jul. 1, 2019 – Jun. 30, 2020	University Research Co LLC
Regional Health Integration to Enhance Services-North, Acholi-RHITES-N (sub-contract)	FY18-S02-8839	Jul. 1, 2019 – Jun. 30, 2020	University Research Company Consortium
Reproduction Health Empowerment Through Telehealth (sub-award)	2000010236	Jul. 1, 2019 – Jun. 30, 2020	National Academy of Science
Uganda Health System Strengthening (sub-contract)	21770_UHSS_004	Jul. 1, 2019 – Jun. 30, 2020	Palladium International LLC

IDI contracted with the independent certified public accounting firm Deloitte & Touche,

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 IDI'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 IDI's internal controls; (3) determine whether IDI 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, Deloitte & Touche (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 IDI as incurred from July 1, 2019, to June 30, 2020; (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 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. IDI reported expenditures of \$1,394,476 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 awards for the period audited, except for \$876 in ineligible questioned costs; no material weaknesses in internal control; and two 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 as well as the corresponding instance of noncompliance. Nevertheless, we suggest that USAID/Uganda determine the allowability of the \$876 in questioned costs and recover any amount determined to be unallowable.

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 February 17, 2021.

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

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.

Recommendation I. Verify that Infectious Diseases Institute Limited corrects the one instance of material noncompliance detailed on page 39 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”).