



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 16, 2021

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 Transcultural Psychosocial Organisation in Uganda Under Multiple Agreements, January 1 to December 31, 2020 (Report No. 4-617-22-017-R)

This memorandum transmits the final audit report on USAID resources managed by Transcultural Psychosocial Organisation (TPO) under the following USAID awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Peaceful Co-existence and Resilience Activity (PEACE) (cooperative agreement)	72061718CA00003	Jan. 1 – Dec. 31, 2020	
Keeping Children Healthy and Safe Activity (KCHS) (cooperative agreement)	72061720CA00018	Sep. 25 – Dec. 31, 2020	
Sustainable Outcomes for Children and Youth in Central and Western Uganda (SOCY) (sub-agreement)	UG-15-SUBAGR-000P0359-01-00	Jan. 1 – Dec. 31, 2020	Catholic Relief Services
Accelerating and Sustaining HIV Epidemic Control and Related Diseases (BAYLOR Uganda) (sub-agreement)	BCM/ACE/Hoima/2020/001	Jun. 1 – Dec. 31, 2020	Baylor College of Medicine Children's Foundation
Health Evaluation and Applied Research Development (HEARD)	FY20-A05-6024	Jun. 1 – Dec. 31, 2020	University Research Co. LLC (URC)

TPO contracted with the independent certified public accounting firm PKF, 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 TPO'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 TPO's internal controls; (3) determine whether TPO 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, PKF (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 TPO as incurred from January 1 to December 31, 2020; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to TPO'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. TPO reported expenditures of \$1,318,236 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 \$5,690 in unsupported questioned costs; no material weaknesses in internal control; and five instances of material noncompliance. Two of these findings we will not include in our recommendation since the first instance used the old interest threshold of \$250 and in the second instance there is no shortfall in cost-sharing because the award is still in progress. 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 for the questioned costs and the specifically related finding. Nevertheless, we suggest that USAID/Uganda inform Catholic Relief Services of the \$5,690 in questioned costs attributable to the SOCY sub-agreement for their review and any appropriate action. In addition, although we are not making a recommendation for significant deficiencies 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 the controller, dated November 16, 2021.

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

Recommendation 1. Verify that Transcultural Psychosocial Organisation provide Catholic Relief Services with a copy of the findings raised in the audit report for their review and any

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.

appropriate action regarding the two instances of material noncompliance detailed on pages 59 to 61 related to subaward Sustainable Outcomes for Children and Youth in Central and Western Uganda.

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”).