



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: July 27, 2022

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 Multi Community Based Development Initiative in Uganda Under Multiple Awards, September 1, 2020, to September 30, 2021 (Report No. 4-617-22-077-R)

This memorandum transmits the final audit report on USAID resources managed by Multi Community Based Development Initiative (MUCOBADI) under the following awards:

Award Name (Type)	Award Number	Audited Period	Prime Implementer
Improving Care and Resilience for Children and Youth Activity (ICARE) (cooperative agreement)	7206 1720CA00017	Sep. 9, 2020 - Sep. 30, 2021	
Better Outcomes for Children and Youth (BOCY) (subaward) - closeout	AID-617-15-00003 sub award 1010	Sep. 1 - Nov. 30, 2020	World Education/ Bantwana Initiative
Regional Health Integration to Enhance Services in East Central Uganda (RHITES-EC) Activity (subaward) - closeout	AID-617-A-16-00001 sub award FY 18-FAA6022	Sep. 1, 2020 - Jun. 30, 2021	University Research Co. LLC

MUCOBADI contracted with the independent audit firm RKA & Company, 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 an external peer review and a continuing professional education program 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 MUCOBADI'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

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.

of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate the MUCOBADI's internal controls; (3) determine whether MUCOBADI 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, RKA & Company (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 MUCOBADI as incurred from September 1, 2020, to September 30, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to MUCOBADI'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. MUCOBADI reported expenditures of \$1,005,606 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 \$3,719 in ineligible questioned costs in the schedule of expenditures; \$4,056 in questioned costs (\$133 ineligible and \$3,923 unsupported) in the cost share contribution schedule; no material weaknesses in internal control; and four 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 for the questioned costs and the specifically related noncompliance instances. Nevertheless, we suggest that USAID/Uganda determine the allowability of the \$3,719 in questioned costs in the schedule of expenditures of USAID awards and \$4,056 in questioned cost in the cost share contribution schedule and recover any amount determined to be unallowable. The audit firm also issued a management letter.

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

Recommendation 1. Verify that Multi Community Based Development Initiative corrects the two instances of material noncompliance detailed on pages 27 to 29 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").