



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 24, 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 The AIDS Support Organization Uganda Limited Under Multiple Awards, January 1 to December 31, 2021 (Report No. 4-617-23-010-R)

This memorandum transmits the final audit report on USAID resources managed by The AIDS Support Organization (TASO) under the following awards:

Award Name (Type)	Award Number	Audited Period	Prime Implementer
Local Partner Health Services-Ankole and Acholi (cooperative agreement)	72061720CA00014	Jan. 1 – Dec. 31, 2021	TASO
Regional Health Integration to Enhance Services in Eastern Uganda (RHITES-E) (subaward)	AID-617-A-17-00002, subaward 2017-52	Jan. 1 – Dec. 31, 2021	IntraHealth International Inc.
Regional Health Integration to Enhance Services in Northern Uganda Lango (RHITES-N) (subaward)	Subaward I3759-CR-04	Jan. 1 – Dec. 31, 2021	John Snow Inc.
Regional Health Integration to Enhance Services in East Central Uganda (RHITES-EC) (subaward)	AID-617-A-00001, subaward FY17-S02-6022-00	Jan. 1 – Dec. 31, 2021	University Research Co. LLC
Defeat TB Project (subaward)	AID-617-A-17-00003, subaward FY18-CR02-6027	Jan. 1 – Dec. 31, 2021	University Research Co. LLC
LSDA TASO Mbale Centre of Excellence (CoE) (subaward)	Subaward LSDA /05-TASOM-01	Jan. 1 – Dec. 31, 2021	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Rukungiri CoE (subaward)	Subaward LSDA /08-TASOR-01	Jan. 1 – Dec. 31, 2021	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Gulu CoE (subaward)	Subaward LSDA /04-TASOG-01	Jan. 1 – Dec. 31, 2021	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Mbarara CoE (subaward)	Subaward LSDA /08-TASOM-01	Jan. 1 – Dec. 31, 2021	Uganda Protestant Medical Bureau (UPMB)

Award Name (Type)	Award Number	Audited Period	Prime Implementer
LSDA TASO Tororo CoE (subaward)	Subaward LSDA /05-TASOT-01	Jan. 1 – Dec. 31, 2021	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Jinja CoE (subaward)	Subaward LSDA/ 06-TASOJ-01	Jan. 1 – Dec. 31, 2021	Uganda Protestant Medical Bureau (UPMB)

TASO contracted with the independent audit firm Ernst & Young (EY), Kampala, Uganda to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external peer review 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 TASO'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 of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate TASO's internal controls; (3) determine whether TASO 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, EY (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 TASO as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to TASO'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. TASO reported expenditures of \$11,516,570 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 no questioned costs; no material weaknesses in internal control; and four instances of material noncompliance. 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 areas for improvement which the audit firm should

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.

address in future audit reports. We presented these areas in a memo to the controller, dated October 24, 2022.

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

Recommendation 1. Verify that The AIDS Support Organization Uganda Limited corrects the one instance of material noncompliance detailed on page 46 of the audit report.

Recommendation 2. Verify that The AIDS Support Organization Uganda Limited provides the appropriate prime implementer a copy of the audit report for their review and any corrective action regarding the four instances of material noncompliance detailed on pages 41 to 47 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").