



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: January 16, 2024

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, 2022 (Report No. 4-617-24-057-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, 2022	
Regional Health Integration to Enhance Services in Eastern Uganda (RHITES-E) (subaward)	Subaward 2017-52	Jan. 1 – Dec. 31, 2022	IntraHealth International Inc.
Maximizing Options to Advance Informed Choices for HIV Prevention Catalyst Study in Uganda (MOSAIC) (subaward)	Subaward UG00467	Nov. 1 – Dec. 31, 2022	Family Health International (FHI 360)
USAID Local Partner Health Services TB Activity (LPHS-TB) (subaward)	Subaward IDI/TASO/LPHS-TBA/2021-2022/01	Jan. 1 – Dec. 31, 2022	Infectious Diseases Institute (IDI)
LSDA TASO Mbale Centre of Excellence (CoE) (subaward)	Subaward LSDA/05-TASOM-01	Jan. 1 – Dec. 31, 2022	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Rukungiri CoE (subaward)	Subaward LSDA/08-TASOR-01	Jan. 1 – Dec. 31, 2022	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Gulu CoE (subaward)	Subaward LSDA/04-TASOG-01	Jan. 1 – Dec. 31, 2022	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Mbarara CoE (subaward)	Subaward LSDA/07-TASOM-01	Jan. 1 – Dec. 31, 2022	Uganda Protestant Medical Bureau (UPMB)

LSDA TASO Tororo CoE (subaward)	Subaward LSDA/05-TASOT-01	Jan. 1 – Dec. 31, 2022	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Jinja CoE (subaward)	Subaward LSDA/06-TASOJ-01	Jan. 1 – Dec. 31, 2022	Uganda Protestant Medical Bureau (UPMB)

TASO contracted with the independent audit firm KPMG, Kampala, Uganda to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and international standards on auditing (ISAs). However, it did not have an external peer review or 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 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, KPMG (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, 2022; (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 \$13,927,928 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. One instance of noncompliance was a repeat finding from the prior period and one instance was reported as resolved by the audit firm; these are not included as recommendations. 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. The audit firm also issued a management

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.

letter.

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

Recommendation I. Verify that The AIDS Support Organization Uganda Limited corrects the two instances of material noncompliance detailed on pages 43 to 46 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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.