



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 13, 2024

**TO:** USAID/Uganda, Mission Director, Daniele Nyirandutiye

**FROM:** USAID OIG Africa Regional Office, Audit Director, Ryan Werner /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by The AIDS Support Organization Uganda Limited Under Multiple Awards, January 1 to December 31, 2023 (Report No. 4-617-25-017-R)

This memorandum transmits the final audit report on USAID resources managed by The AIDS Support Organization Uganda Limited (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, 2023	
Regional Health Integration to Enhance Services in Eastern Uganda (RHITES-E) (subaward, closeout)	2017-52	Jan. 1 – Aug. 31, 2023	IntraHealth International Inc.
Maximizing Options to Advance Informed Choices for HIV Prevention Catalyst Study in Uganda (MOSAIC) (subaward)	UG00467	Jan. 1 – Dec. 31, 2023	Family Health International (FHI 360)
USAID Local Partner Health Services TB Activity (LPHS-TB) (subaward)	IDI/TASO/LPHS-TBA/2022-2023/001	Jan. 1 – Dec. 31, 2023	Infectious Diseases Institute (IDI)
LSDA TASO Mbale Centre of Excellence (CoE) (subaward)	LSDA/05-TASOM-01	Jan. 1 – Dec. 31, 2023	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Rukungiri CoE (subaward)	LSDA/08-TASOR-01	Jan. 1 – Dec. 31, 2023	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Gulu CoE (subaward)	LSDA/04-TASOG-01	Jan. 1 – Dec. 31, 2023	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Mbarara CoE (subaward)	LSDA/07-TASOM-01	Jan. 1 – Dec. 31, 2023	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Tororo CoE (subaward)	LSDA/05-TASOT-01	Jan. 1 – Dec. 31, 2023	Uganda Protestant Medical Bureau (UPMB)
LSDA TASO Jinja CoE (subaward)	LSDA/06-TASOJ-01	Jan. 1 – Dec. 31, 2023	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 and International Standards on Auditing. 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 TASO's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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, or determine that the review of the indirect cost rate was not applicable; 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, 2023; (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 \$17,141,038 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 \$16,875 in total unsupported questioned costs; no material weaknesses in internal control; and three instances of material noncompliance (one finding related to the questioned costs and one repeat finding from prior period which will not be recommended). 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. Nevertheless, we suggest that USAID/Uganda determine the allowability of the \$16,875 in questioned costs and recover any amount determined to be unallowable. The audit firm issued a management letter.

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

**Recommendation 1.** Verify that The AIDS Support Organization Uganda Limited provides

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<sup>1</sup> 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.

Uganda Protestant Medical Bureau with a copy of the audit report for their review and to take any corrective action regarding the one instance of material noncompliance identified on pages 37 and 38 of the audit report related to the subawards.

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.<sup>2</sup>

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oinotice\\_ndaa5274@usaid.gov](mailto:oinotice_ndaa5274@usaid.gov).