



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** December 2, 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 Agency for Cooperation in Research and Development Uganda Under Multiple Awards, October 1, 2022, to December 31, 2023 (Report No. 4-617-25-034-R)

This memorandum transmits the final audit report on USAID resourced managed by Agency for Cooperation in Research and Development Uganda (ACORD-U) under the following award:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
USAID Orphans and Vulnerable Children West Central Activity (cooperative agreement)	72061722CA00006	Oct. 1, 2022 – Dec. 31, 2023	
USAID Keeping Children Healthy and Safe (sub award)	USAID/TPO-01020-003/72061720CA00018	Oct. 1, 2022 – Dec. 31, 2023	Transcultural Psychosocial Organization

ACORD-U 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 International Standards on Auditing (ISAs) in conjunction with Generally Accepted Government Auditing Standards (GAGAS). 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 ACORD-U'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 ACORD-U's internal controls; (3) determine whether ACORD-U complied with

<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.

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 ACORD-U as incurred from October 1, 2022, to December 31, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to ACORD-U'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) determined that the review of the implementation status of the prior period recommendations was not applicable. ACORD-U reported expenditures of \$2,717,382 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 \$715 in total ineligible questioned costs; no material weaknesses in internal control; and two instances of material noncompliance (one finding is related to the questioned costs 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 \$715 in questioned costs 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 I.** Verify that Agency for Cooperation in Research and Development Uganda corrects the one instance of material noncompliance detailed on page 35 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.<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 [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).