



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: April 16, 2025

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 Ministry of Finance, Planning and Economic Development in Uganda Under Consolidated Implementation Letter 617-CIL-30-2022, July 1, 2023, to June 30, 2024 (Report No. 4-617-25-096-R)

This memorandum transmits the final audit report on USAID resources managed by Ministry of Finance, Planning and Economic Development (MoFPED) under G2G RRH Strengthening Activities under Consolidated Implementation Letter. MoFPED 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 MoFPED'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 MoFPED's internal controls; (3) determine whether MoFPED 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 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 MoFPED as incurred from July 1, 2023, to June 30, 2024; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to MoFPED's ability to report financial data consistent with the assertions embodied in each account of 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; (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. MoFPED reported expenditures of \$3,402,207 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. The audit firm identified \$2,896 in total questioned costs (\$838 ineligible and \$2,058 unsupported); seven material weaknesses in internal control; and 14 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. Nevertheless, we suggest that USAID/Uganda determine the allowability of the \$2,896 in questioned costs and recover any amount determined to be unallowable. 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 issued a management letter.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated April 16, 2025.

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

Recommendation 1. Verify that Ministry of Finance, Planning and Economic Development corrects the seven material weaknesses in internal control detailed on pages 36, 42-46, 50-51 and 55 of the audit report.

Recommendation 2. Verify that Ministry of Finance, Planning and Economic Development corrects the 14 instances of material noncompliance detailed on pages 58 to 86 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 oinotice_ndaa5274@usaid.gov.