



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

MEMORANDUM

DATE: May 15, 2023

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 African Network for the Care of Children Affected by HIV/AIDS in Uganda Under Cooperative Agreement 72061722CA00001, October 21, 2021, to September 30, 2022 (Report No. 4-617-23-006-N)

This memorandum transmits the final audit report on USAID resources managed by African Network for the Care of Children Affected by HIV/AIDS (ANECCA) under the Local Partner Health Services - Karamoja Activity. USAID/Uganda contracted with the independent audit firm PricewaterhouseCoopers, 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 and continuing professional education 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 ANECCA'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 ANECCA's internal controls; (3) determine whether ANECCA complied with award terms and applicable laws and regulations; and (4) review the indirect cost rate.

To answer the audit objectives, PricewaterhouseCoopers (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 ANECCA as incurred from October 21, 2021, to September 30, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to ANECCA's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (3)

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.

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; and (4) determined that the review of the indirect cost rate was not applicable. ANECCA reported expenditures of \$957,196 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement 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 no 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. The audit firm issued a management letter.

Accordingly, we are not making any recommendations.

During our desk review, we noted one area for improvement which the audit firm should address in future audit reports. We presented this area in a memo to the controller, dated May 15, 2023.

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").