



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 12, 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 Uganda Protestant Medical Bureau Under Multiple Awards, July 1, 2022, to June 30, 2023 (Report No. 4-617-24-067-R)

This memorandum transmits the final audit report on USAID resources managed by Uganda Protestant Medical Bureau (UPMB) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Local Service Delivery for HIV/AIDS Activity (cooperative agreement)	72061720CA00016	Jul. 1, 2022 – Jun. 30, 2023	
Family Planning Activity (subagreement)	72061720CA00004	Jul. 1, 2022 – Jun. 30, 2023	Pathfinder International
Uganda Health System Strengthening Activity (subagreement)	72061719C00006	Jul. 1, 2022 – Jun. 30, 2023	Palladium International LLC

UPMB contracted with the independent audit firm Ernst & Young (EY), Kampala, Uganda to conduct the audit. The audit firm stated that it performed its audit in accordance with international standards of auditing (ISA) in conjunction with generally accepted government auditing standards (GAGAS). However, it did not have an external peer review 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 UPMB'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 UPMB's internal controls; (3) determine whether UPMB complied with award terms

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.

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, EY (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 UPMB as incurred from July 1, 2022, to June 30, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to UPMB'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) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. UPMB reported expenditures of \$11,407,760 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. 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 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 February 12, 2024.

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

Recommendation 1. Verify that Uganda Protestant Medical Bureau provides Palladium International LLC with a copy of the audit report for their review and any necessary corrective action regarding the one instance of material noncompliance detailed on pages 30 to 31 of the audit report.

Recommendation 2. Verify that Uganda Protestant Medical Bureau corrects the three instances of material noncompliance detailed on pages 32 to 37 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.