

**AUDIT OF THE
CENTERS FOR DISEASE CONTROL AND
PREVENTION (CDC) FUNDING
TO RAKAI HEALTH SCIENCES PROGRAM (RHSP)
FOR THE MASAHA REGION COMPREHENSIVE HIV
PROGRAM ACCELERATED EPIDEMIC CONTROL**

**GRANT NUMBER: 5NU2GGH002009-03-00
BUDGET PERIOD: OCTOBER 01, 2020 TO SEPTEMBER 30, 2021.**

AUDIT OF THE CDC FUNDING TO RAKAI HEALTH SCIENCES PROGRAM (RHSP) FOR THE MASAKA REGION COMPREHENSIVE HIV PROGRAM FOR ACCELERATED EPIDEMIC CONTROL. GRANT NUMBER: 5NU2GGH002009-03-00 FOR THE BUDGET PERIOD: OCTOBER 01, 2020 TO SEPTEMBER 30, 2021.

ACRONYMS & ABBREVIATIONS

AIDS	-	Acquired Immune Deficiency Syndrome
ART	-	Antiretroviral therapy
CDC	-	Centers for Disease Control and Prevention
CoAG	-	Cooperative Agreement
CQI	-	Continuous Quality Improvement
DHT	-	District Health Team.
DQA	-	Data Quality Assessments.
EID	-	Early Infant Diagnosis.
EMTCT	-	Elimination of mother to child transmission of HIV.
FY	-	Financial Year
ICF	-	Intensified Case Finding
HC	-	Health Centre.
HIV	-	Human Immunodeficiency Virus
HTC	-	HIV Testing and Counseling
LQMS	-	Laboratory Quality Management Systems.
M&E	-	Monitoring and Evaluation
OVC	-	Orphans and Vulnerable Children
PHDP	-	Positive health dignity and prevention
PMTCT	-	Prevention of mother to child transmission of HIV
RHSP	-	Rakai Health Sciences Program
SMC	-	Safe Male Circumcision.
VMMC	-	Voluntary Medical Male Circumcision.
UGX	-	Uganda Shillings
USD	-	United States Dollar
TB	-	Tuberculosis
HTS	-	HIV Testing and Counselling Services
KP	-	Key Population
PP	-	Priority Population
PLHIV	-	People Living with HIV/AIDS
DREAMS	-	Determined Resilient Empowered AIDS-free Mentored and Safe women
CHP	-	Combination of HIV prevention
PICT	-	Provider Initiated Counseling and Testing
PrEP	-	Pre- exposure prophylaxis
MOH	-	Ministry of Health
OI	-	Opportunistic infection
PDTX	-	Pediatric Treatment
PEPFAR	-	U.S. President's Emergency Plan for AIDS Relief
STIs	-	Sexually Transmitted Infections
CD4	-	Cluster of Differentiation 4
WHO	-	World Health Organisation
CME	-	Continuing Medical Education
GOU	-	Government of Uganda
AAFBs	-	Alcohol and Acid-Fast Bacilli
SLMTA	-	Strengthening Laboratory Management Toward Accreditation
LQMS	-	Laboratory Quality Management Systems
HMIS	-	Health Information Management Systems
DHIS2	-	District Health Information Software 2
EMR	-	Electronic medical records
PNFP	-	Private-not-for-profit
US	-	United States
PMS	-	Payment Management System
CBO	-	Community Based Organisation

AUDIT OF THE CDC FUNDING TO RAKAI HEALTH SCIENCES PROGRAM (RHSP) FOR THE MASAKA REGION COMPREHENSIVE HIV PROGRAM FOR ACCELERATED EPIDEMIC CONTROL. GRANT NUMBER: 5NU2GGH002009-03-00 FOR THE BUDGET PERIOD: OCTOBER 01, 2020 TO SEPTMEBER 30, 2021.

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TRANSMITTAL LETTER

29 June 2022

66054657/34/FMS/0124

The Executive Director
Rakai Health Sciences Program
Uganda Virus Research Institute
P.O. Box 49
Entebbe
Uganda

Dear Sir,

AUDIT OF THE CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) GRANT TO RAKAI HEALTH SCIENCES PROGRAM (RHSP) FOR THE MASAKA REGION COMPREHENSIVE HIV PROGRAM FOR ACCELERATED EPIDEMIC CONTROL, SCHEDULE OF EXPENDITURE FOR THE BUDGET PERIOD OCTOBER 01, 2020 TO SEPTEMBER 30, 2021

We are pleased to submit the audited Schedule of Expenditure for the CDC support to Rakai Health Sciences Program (RHSP) under Cooperative Agreement No.5NU2GGH002009-03-00 for the period October 01, 2020 to September 30, 2021.

The audit was conducted in accordance with the U.S. Government Auditing Standards issued by the Controller General.

We reviewed the internal control structure and its operations. The results of our tests disclosed a material weakness in internal control and its operation that have been illustrated in the report.

As part of obtaining reasonable assurance about whether the Schedule of Expenditure is free from material misstatement, we performed tests of Rakai's Health Science Program compliance with certain provisions of agreement terms and applicable laws and regulations.

Yours faithfully,

Encl.

1. INTRODUCTION

1.1 Background*

In April 2017, RHSP entered into cooperative agreement with CDC-Uganda for 5 - year grant to implement comprehensive HIV treatment, care and prevention services across the 12 districts of Masaka region that include Rakai, Kyotera, Masaka, Kalungu, Bukomansimbi, Lyantonde, Lwengo, Sembabule, Butambala, Gomba, Mpigi, and Kalangala

The purpose of this grant is to achieve epidemic control in all districts of Masaka region in Uganda and to reinforce health systems in all districts to the extent that the district local government systems can sustain the quality of services beyond the project period with minimal extra partner support for sustained epidemic control. Project objectives included the following;

1. Use targeted HTS models to men, KP and PP to improve identification of PLHIV in community and health facilities in scale-up districts.
2. Provide linkage to high-impact prevention, ART, and other community services.
3. Provide ART services to all eligible PLHIV as outlined in the latest Test & Treat guidelines.
4. Improve coverage and quality of integrated EMTCT, EID, better track newly enrolled maternal and infant outcomes.
5. TB/HIV: Work with DHTs and Health Facilities to reduce TB burden in PLHIV and HIV in TB clients.
6. Support the national commodity supply chain systems.
7. Strengthen lab quality management systems for CQI in viral load, laboratory sample transportation/results transmission system, and other HIV related testing.
8. Provide combination prevention interventions to KP/PP scale-up districts, including.
9. Implementation of DREAMS services targeting adolescent girls and young women:
10. Strengthened governance and oversight functions at district level for joint planning, coordination, support supervision, and performance monitoring for sustained epidemic control

All implemented under the umbrella of Health Systems Strengthening and District led Programming.

Over the years RHSP has gained extensive experience in managing and evaluating large scale HIV service programs and research undertakings that include the evaluation of the impact of combination HIV prevention (CHP) services on HIV incidence, the national PMTCT impact assessment, and evaluation, innovative research on demand generation.

1.2 Programme Objectives/Area summaries/Achievements.

The purpose of this CoAg is to achieve epidemic control in all districts of Masaka region in Uganda and to reinforce health systems in all districts to the extent that the district local government systems can sustain the quality of services beyond the project period with minimal extra partner support for sustained epidemic control.

The project objectives are;

- Use targeted HTS models to men, KP and PP to improve identification of PLHIV in community and health facilities in scale-up districts.
- Provide linkage to high-impact prevention, ART, and other community services.
- Provide ART services to all eligible PLHIV as outlined in the latest Test & Treat guidelines.

1. INTRODUCTION (Continued)

1.2 Programme Objectives/Area summaries/Achievement (Continued)

- Strengthen lab quality management systems for CQI in viral load, laboratory sample transportation/results transmission system, and other HIV related testing.
- Provide combination prevention interventions to KP/PP scale-up districts, including.
- Implement a comprehensive OVC program:
- Strengthened governance and oversight functions at district level for joint planning, coordination, support supervision, and performance monitoring for sustained epidemic control
- TB/HIV: Work with DHTs and Health Facilities to reduce TB burden in PLHIV and HIV in TB clients.
- Support the national commodity supply chain systems.
- Improve coverage and quality of integrated EMTCT, EID, better track newly enrolled maternal and infant outcomes.

Some of the Programme areas are illustrated below but these are expected to change as the CoAg continues to be implemented until 2022.

1) Prevention of Mother to Child Transmission of HIV (PMTCT).

The Masaka Regional Mechanism supports national and global efforts towards virtual elimination of Mother to Child Transmission of HIV (zero new infections among children born to HIV positive Mothers). Services supported include: improving access and utilization of PMTCT services, support all PMTCT sites in the district through provider training and providing of the necessary logistics, supporting intensive M&E activities including joint quarterly support supervision and mentorships. Maintenance of routine testing and re-testing of all pregnant and lactating mothers. Provision of ARVs using Option B+ and “Test and Treat” approaches. Peer support through Peer mothers utilizing meaningful involvement of people living with HIV approach for quality services; family support groups; dry blood Sample collection, transportation through the Laboratory hub system and results transmission for Early Infant Diagnosis (EID) and continuous quality improvement to accelerate progress towards zero new infections among the children.

2) Other Prevention services.

The Masaka Regional Mechanism supports the provision of “other prevention” services in Masaka region, including community health education to address a wide range of areas including but not limited to HIV prevention, HTC for adults and children, PMTCT, Importance of timely enrollment in HIV care, adherence to treatment (ART and prophylaxis), and availability and access to medically performed male circumcision, prevention of domestic violence and support of the promotion and distribution of condoms within the region

3) HIV Testing and Counseling Services (HTS).

The goal of the HTS Program is to increase HTS capacity in the district, to facilitate timely identification of HIV positive persons and linkage to care. HTS is supported at facility level through Provider Initiated Counseling and Testing (PICT) in out-patient areas and in-patient areas especially pediatric wards, TB clinics and targeted family members of index clients and partner testing. Training is done for both project and Government health workers in the provision of HTS. The HTS training covers both didactic and hands-on practice under the guidance of senior Counselors.

1. INTRODUCTION (Continued)

1.2 Programme Objectives/Area summaries/Achievement (Continued)

9) District-led programming.

The Masaka Regional Mechanism works through and with the District Health teams and the district leadership to support HIV prevention, care and treatment services. We set out for this financial year to make joint work plans and to implement joint activities towards achievement of the district Strategic plan. We planned to sub grant the district leadership to perform key activities in the district including support supervision and mentorships on the key thematic areas through the respective district departmental heads.

10) Adult Care, Support and Treatment.

The Masaka Regional Mechanism supports health facilities to provide HIV comprehensive care and support services in line with national guidelines and PEPFAR guidance. The services include strengthening positive health, dignity and prevention (PHDP) including condom distribution, risk-reduction counseling, partner HIV testing, diagnosis and treatment of sexually transmitted infections (STIs); reproductive health services and safer pregnancy counseling, linkage to community support programs, strengthening linkages and referrals using linkage facilitators (mainly expert patients), implementing quality improvement for adherence and retention as well as pain and symptom management.

11) Adult Treatment (HTXS).

The Masaka Regional Mechanism further supports ART treatment based on the national guidelines that prescribe the “test and start” approach, in which all patients identified to be HIV positive should be initiated on ART at the earliest opportunity. Patients on ART are monitored for adherence through clinic pill counts and the expert patients/peers (linkage facilitators) home visits. The program supports quality improvement initiatives for the ART framework—early initiation of ART on treatment, baseline CD4 count estimation on initiation, improved adherence and retention using linkage facilitators. Patient monitoring is by viral load estimation after six (6) months on ART then annually thereafter. Patients suspected of failing on ART such as those with detectable viral loads or worsening WHO clinical stage are discussed at monthly CME meetings. Interventions for these patients include strategies to increase adherence to treatment or switching ART regimens.

12) TB/HIV (HVTB).

The Masaka Regional Mechanism supports the Government of Uganda (GOU) to scale up TB/HIV integration; especially the PEPFAR goal to achieve TB screening of 100% of HIV positive clients in care and promptly initiate the TB infected clients on TB treatment. As part of the implementation, all HIV-positive clients in care are screened for TB then all new patients diagnosed with TB started on TB treatment as soon as possible. Through the government health units, TB screening is offered to all patients in HIV care. Investigations are done for all patients with clinical signs and symptoms of TB using laboratory investigations like Zinc tests for Alcohol and Acid-Fast Bacilli (AAFBs), gram stain, among others. Health workers have been trained to use the national ICF tool to improve TB screening. TB suspects irrespective of their smear results have their sputum samples sent to Kalisizo RHSP laboratory for Genexpert analysis to confirm TB infection and determine Rifampicin sensitivity. Early initiation of HIV-positive TB patients on ART is ensured using linkage facilitators, who also support TB adherence.

1. INTRODUCTION (Continued)

1.2 Programme Objectives/Area summaries/Achievement (Continued)

13) Laboratory Infrastructure

The Masaka Regional Mechanism supports HIV testing as well as immunological and virology monitoring of HIV positive patients in the district through the laboratory hubs. We support the health facility laboratories to do HIV testing, microbiology testing like TB diagnosis, malaria testing, and point of care CD4 testing. The laboratory hubs are supported to provide a wide range of testing services including HIV testing, serology like syphilis testing, microbiology testing like TB diagnosis, viral load testing, CD4 count testing, chemistry tests (renal and liver function tests), among others. RHSP supports EID testing of samples at the central public health laboratory by ensuring timely delivery of EID samples and return of results to caretakers of tested infants and children.

This is being achieved through supporting the sample transportation system that uses hub riders who collect and return results to all the health units RHSP also supports the lab hubs in Masaka region especially in the SLMTA program and supports the lower laboratories throughout the districts through Laboratory Quality Management Systems (LQMS) programs, mentorships and CMEs.

14) Voluntary male medical circumcision (VMMC)

VMMC services are offered using various delivery models including static clinics, surgical camps and mobile/outreaches (facility or field-based service delivery models). VMMC services under this CoAg started on 1st April 2017 and are targeted to the districts of Bukomansimbi, Gomba, Kalungu, Lwengo, Lyantonde, and Sembabule. Men seeking SMC services are provided with HTC and the HIV positive males linked to HIV care. We provide intensive health education to SMC seekers, addressing key HIV prevention issues including promotion of delayed sexual debut, abstinence, sexual partner reduction, and being faithful to one partner, providing and promoting correct and consistent use of male condoms and providing services for the treatment of sexually transmitted infections. We provide Tetanus toxoid vaccination before circumcision and provide forty-eight (48) hours, seven (7) days and fourteen (14) days follow up visits to track any adverse events and manage them appropriately.

15) Strategic Information

Masaka region mechanism works with the district health team and particularly the district Biostatistician and the Health Sub-District Health Information Management Systems (HMIS) focal persons to ensure that accurate and timely reports are generated and submitted regularly. This includes supporting quarterly Data Quality Assessments (DQAs) and mentorships to the Health Information Assistants at the frontline health facilities to build capacity in making accurate reports and also building their skills in data use for planning, decision-making, implementation and evaluation in order to address program objectives. An M&E plan was developed in conjunction with the district leadership. The plan clearly lays out the routine activities that would guide reporting and data use with CQI activities as the epitome. Through implementation of the plan, HIV program activities are monitored in accordance with program objectives. The plan supports performance review meetings from health facility level to the district level on monthly and quarterly intervals. The M&E plan also promotes harmonized reporting at district and national level. RHSP works to ensure timely and accurate reporting into the DHIS2 system. RHSP planned to roll out Uganda EMR to all the HIV care sites and to support quality and complete electronic data entry.

1. INTRODUCTION (Continued)

1.2. Programme Objectives/Area summaries/Achievement (Continued)

16) Orphans and Vulnerable Children.

The Masaka Regional Mechanism supports services that reach out to the Orphans and other vulnerable children to ensure that they live health, safe and stable lives. The project partners with Community Based Organizations and Civil Society organization to appropriately assess households, identify the vulnerable children and provide the services and prescribed in the several core packages. We employ case management to ensure that these children receive all the services and are graduated appropriately.

17) Human Resources for Health

The Masaka Regional Mechanism offers additional support to the government health system and not for profit sector in terms of Human Resources for Health. At selected health facilities where Human resource needs were identified to support the provision of HIV prevention, care and treatment services, we support partial/full salaries to particular staffs. These health workers were recruited through the local government and PNFP structures and are well embedded into the respective systems.

18) District-led programming

The Masaka Regional Mechanism works through and with the District Health teams and the district leadership to support HIV prevention, care and treatment services. We set out for this FY to make joint work plans and to implement joint activities towards achievement of the district Strategic plan. We planned to sub grant the district leadership to perform key activities in the district including support supervision and mentorships on the key thematic areas through the respective district departmental heads.

* The above information is as provided by management and is not audited.

1.3 Audit Objectives

Ernst & Young was appointed by RHSP to carry out a financial audit of the CDC funded Programs under cooperative agreement 5 NU2GGH002009-03-00 for the period October 01, 2020 to September 30, 2021.

The audit was performed in accordance with US Government Auditing Standards issued by the Comptroller General of the United States. The audit, accordingly, included such tests of the accounting records as deemed necessary under the circumstances. The specific objectives of the audit were to:

- 1) Express an opinion on whether the Schedule of Expenditure for the program presents fairly, in all material respects, revenues received, and costs incurred during the reporting period in accordance with the terms of the cooperative agreement and Generally Accepted Accounting Principles.
- 2) Review the internal controls of the program to determine whether program management has put in place satisfactory controls aimed at preventing, detecting, reducing or eliminating errors and irregularities, and to report on any significant internal control deficiencies and material weaknesses; and

1.3 Audit Objectives (Continued)

- 3) Test compliance with the terms of the cooperative agreement, applicable laws and regulations as part of obtaining reasonable assurance about whether the Schedule of Expenditure is free from material misstatement and report on any identified material instances of non-compliance.

1.4 Audit scope

1.4.1 Schedule of Expenditure

Our audit report covers the Schedule of Expenditure for CDC funded program including the budgeted amounts by category and major items; the revenues received from CDC for the period covered by the audit; the costs reported by the recipient as incurred during that period; and the commodities directly procured by CDC for the recipient's use. The Schedule of Expenditure includes all CDC assistance funds identified by each specific programme or agreement. The revenues received from CDC less the costs incurred, after considering any reconciling items, must reconcile with the balance of cash-on-hand or in bank accounts.

1.4.2 Internal control

The audit assessed RHSP's internal controls relevant to the cooperative agreement, and the related Schedule of Expenditure.

1.4.3 Cost sharing

The audit report does not cover cost sharing as the respective Cooperative agreement, does not have cost sharing provision.

1.4.4 Indirect cost rate

The audit report does not cover indirect cost rates as the respective cooperative agreement does not have an indirect cost rate provision.

1.4.5 Compliance with agreement terms and applicable laws and regulations

The audit report covers only RHSP's compliance in respect of the Schedule of Expenditure under the cooperative agreement, Sub Grants and Subcontract.

1.4.6 Audit scope limitation

External quality control review

We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 5, paragraph 5.60 and 5.84 of the U.S. Generally Accepted Government Auditing Standards (US GAGAS), 2018 Revision on the auditor's report. We believe that the effects of this departure from U.S. Government Auditing Standards is not material because we participate in the Ernst & Young worldwide internal quality control review program which requires our partners to be subjected every three years, to an extensive quality control review by partners and senior managers from other affiliate offices. In addition, the Institute of Certified Public Accountants in Kenya performed a review of the firm's compliance with the International Standards of Quality Control (ISQC 1) in 2015.

1.4 Audit scope (continued)

1.4.7 Audit approach

We designed our audit approach in accordance with *U.S. Government Auditing Standards* issued by the Comptroller General of the United States of America. Specifically, we carried out the following procedures.

1.4.8 Schedule of Expenditure

- Verified the costs incurred by the program identifying and quantifying any questioned costs. All costs that were neither supported with adequate documentation nor in accordance with the agreement terms were classified as questioned costs.
- Reviewed the general and the program ledgers to determine whether costs incurred were properly recorded, and also reconciled direct costs to the program and general ledgers.
- Reviewed the controls over cash and the program bank accounts, verified the cash and bank transactions and performed positive confirmation of the bank balances.
- Determined whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed and available.
- Reviewed procurement procedures to determine whether sound commercial practices including competitive bidding were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received.
- Verified travel and transportation charges to determine whether they were adequately supported and approved.
- Physically verified the property and equipment procured for the program in order to determine that they existed and were used for the intended purposes in accordance with the terms of the agreements; and whether control procedures existed and were placed in operation to adequately safeguard the equipment.
- Verified the grants received against supporting documents including verification of the PMS system drawdown.
- Verified that the costs incurred were in accordance with the budgets and work plans for the period; and
- Reviewed the cooperative agreement and any amendments thereof, other relevant laws and regulations to determine any instances of material non-compliance that could have an impact on the Schedule of Expenditure.

1.4.9 Internal Control

- Obtained understanding of the internal control over program funds sufficient to plan the audit to support a low assessed level of control risk for major processes under the program;
- Assessed inherent risk and control risk and determined combined risk assessment for each assertion to support the low assessed level of control risk for major processes under the program; and
- Evaluated the control environment, the adequacy of the accounting system and the control procedures in place with emphasis on the policies and procedures that pertain to the recipient's ability to initiate, authorize, record, process and report financial data.

1.4 Audit scope (continued)

1.4.9 Compliance with agreement terms and applicable laws and regulations

- Reviewed the cooperative agreement terms, applicable laws and regulations and determined which of those, if not observed, could have a direct and material effect on the Schedule of Expenditure.
- Determined if payments have been made in accordance with cooperative agreement terms, applicable laws and regulations.
- Determined whether commodities procured by RHSP or the sub recipients for the program were used for their intended purposes in accordance with the agreements.
- Reviewed technical assistance and services procured and determined whether technical assistance and services were used for their intended purposes.
- Determined whether those who received services and benefits were eligible to receive them.

1.5 Summary of audit findings

i) Schedule of Expenditure

Revenue

Total revenue reported amounted to USD 21,853,126 entirely represented by CDC funding downloaded from the PMS system.

Costs

The total costs for the period amounted to USD 22,035,038.

Outstanding fund balance

Fund balance as at 30 September 2021 amounted to USD 746,085.

ii) Internal control

The following matter relating to internal control was noted:

- Late submission of accountabilities by award subrecipients.

iii) Compliance with cooperative agreement terms, applicable laws and regulations

The results of our tests disclosed the no instances of noncompliance that are required to be reported here under U.S. Government Auditing Standards.

1.6 Summary of Management Comments

Findings have been discussed with the program management. The detailed management comments are included in section 5.

AUDIT OF THE CDC FUNDING TO RAKAI HEALTH SCIENCES PROGRAM (RHSP) FOR THE MASAKA REGION COMPREHENSIVE HIV PROGRAM FOR ACCELERATED EPIDEMIC CONTROL. GRANT NUMBER: 5NU2GGH002009-03-00 FOR THE BUDGET PERIOD: OCTOBER 01, 2020 TO SEPTEMBER 30, 2021.

2 STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

RHSP management is responsible for preparing Schedule of Expenditures for the CDC program, which give a true and fair view of the state of financial affairs of the program in accordance with the cooperative agreement number 5NU2GGH002009-03-00. Management is responsible for ensuring that the program keeps proper accounting records, which disclose, with reasonable accuracy, its financial affairs.

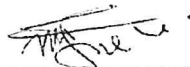
Program management accepts responsibility for the Schedule of Expenditure which has been prepared using appropriate accounting policies in conformity with the cooperative agreement and in the manner required by the applicable Codes of Federal Regulations and contractual agreements for financial reporting and auditing of the United States Department of Health and Human Services grants and agreements. Management also accepts the responsibility for safeguarding the assets of the program against fraud and other irregularities.

Program management is of the opinion that the Schedule of Expenditure gives a true and fair view of the state of the financial affairs of the grant and of its operating results. Program management accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the Schedule of Expenditure, as well as adequate systems of internal control.

Nothing has come to the attention of program management to indicate that any breakdown in the functioning of these controls, resulting in loss of program funds has occurred during the period.

Management accepts the responsibility that the program funds have been expended in accordance with the intended purposes as specified in the cooperative agreement.

The Schedule of Expenditure was approved by program management on 29/06/2022 and signed on its behalf by:



.....
Executive Director RHSP

Agnes Nantongo.....

Director, Finance and Administration RHSP



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3. REPORT OF INDEPENDENT AUDITORS TO

Executive Director
Rakai Health Sciences Program
Uganda Virus Research Institute
P.O. Box 49
Entebbe
Uganda

We have audited the Schedule of Expenditure of the CDC funds managed by Rakai Health Sciences Program (RHSP) relating to the CDC funded, Masaka Region Comprehensive HIV Program for Accelerated Epidemic Control, cooperative agreement number. 5NU2GGH002009-03-00 for the period October 01, 2020 to September 30, 2021.

The preparation of the Schedule of Expenditure is the responsibility of program management. Our responsibility is to express an opinion on the Schedule of Expenditure based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with *U.S. Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of income and expenditure is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditure. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 5, paragraph 5.60 and 5.84 of the U.S. Generally Accepted Government Auditing Standards (US GAGAS), 2018 Revision on the auditor's report. We believe that the effects of this departure from U.S. Government Auditing Standards is not material because we participate in the Ernst & Young worldwide internal quality control review program which requires our partners to be subjected every three years, to an extensive quality control review by partners and senior managers from other affiliate offices. In addition, the Institute of Certified Public Accountants in Kenya performed a review of the firm's compliance with the International Standards of Quality Control (ISQC 1) in 2015.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



3. REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

Opinion

In our opinion, the Schedule of Expenditure presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and the technical assistance directly procured by CDC for the period October 01, 2020 to September 30, 2021, in accordance with the terms of the agreement and in conformity with the basis of accounting described in Note 4.2.1 to the Schedule of Expenditure.

In accordance with US Government Auditing Standards, we have also issued our report dated 29 June.....2022, on our considerations of RHSP's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with US Government Auditing Standards and should be read in conjunction with this Independent Auditor's report in considering the results of our audit.

This report is intended for the information of RHSP and CDC. However, upon release by CDC, this report is a matter of public record and its distribution is not limited.

Ernst & Young
Certified Public Accountants of Uganda
Kampala

29 June.....2022

AUDIT OF THE CDC FUNDING TO RAKAI HEALTH SCIENCES PROGRAM (RHSP) FOR THE MASAKA REGION COMPREHENSIVE HIV PROGRAM FOR ACCELERATED EPIDEMIC CONTROL. GRANT NUMBER: 5NU2GGH002009-03-00 FOR THE BUDGET PERIOD: OCTOBER 01, 2020 TO SEPTEMBER 30, 2021.

4.1 SCHEDULE OF EXPENDITURE

	Budget USD	Actual USD	QUESTIONED COSTS Ineligible USD	Unsupported USD	Note
REVENUE					
Receipts from CDC	<u>22,332,457</u>	<u>21,853,126</u>	-	-	4.2.2
	<u>22,332,457</u>	<u>21,853,126</u>	-	-	
EXPENDITURE					
Personnel	4,662,103	4,623,517	-	-	4.2.3
Fringe benefits	1,348,092	1,292,985	-	-	
Supplies	1,126,858	1,204,153	-	-	
Travel	347,519	256,689	-	-	
Other	10,333,100	10,630,459	-	-	
Contractual	<u>4,514,785</u>	<u>4,027,235</u>	-	-	
	<u>22,332,457</u>	<u>22,035,038</u>	-	-	
Deficit for the period		<u>(181,912)</u>			
Interest refund to CDC		<u>(9,165)</u>			4.2.4
Fund balance brought forward		<u>937,162</u>			4.2.5
Fund balance carried forward		<u>746,085</u>			4.2.6

The Schedule of Expenditure was approved by program management on 29/16/2022 and signed on its behalf by:



 Executive Director RHSP



 Director, Finance and Administration RHSP

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4.2 Notes to the Schedule of Expenditure

4.2.1 Basis of accounting

The Schedule of Expenditure is prepared in accordance with the guidelines set out in the applicable Codes of Federal Regulations and the Cooperative Agreement between CDC and RHSP. The Schedule of Expenditure has been prepared on a cash basis and modified by unliquidated commitments. Funding is recorded when received and all expenses are recorded when paid. At the end of the period, unliquidated commitments are recognised in the Schedule of Expenditure.

4.2.2 Funding

During the period, CDC disbursed funds for the implementation of the project and gross monthly downloads from the payment management system were as indicated in the table below:

Month	Year	Amount (USD)
October	2020	1,521,159
December	2020	3,069,463
January	2021	685,452
February	2021	1,667,634
March	2021	1,939,447
April	2021	1,290,648
May	2021	1,715,610
June	2021	1,804,573
July	2021	1,694,199
August	2021	930,163
September	2021	<u>5,534,778</u>
TOTAL		<u>21,853,126</u>

4.2.3 Expenditure

Expenditure represents amounts spent by RHSP on the project activities in accordance with the cooperative agreement and approved project workplans.

4.2.4 Interest refund to CDC.

This comprised of interest earned on granted funds deposited onto interest bearing accounts in the period 30 September 2019. This interest was initially recognized as other program income in the period ended 30 September 2019 but refunded to CDC in the current period.

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4.2 Notes to the Schedule of Expenditure

4.2.5 Fund balance brought forward

The fund balance as at October 01, 2020 is represented by

	Amount (USD)
Cash and cash equivalents	4,026,665
Receivables	228,100
Payables	<u>(3,317,603)</u>
	<u>937,162</u>

4.2.6 Fund balance carried forward

The fund balance as at September 30, 2021 is represented by

	Amount (USD)
Cash and cash equivalents (4.2.7)	2,998,593
Receivables (4.2.8)	171,432
Payables (4.2.9)	<u>(2,423,940)</u>
	<u>746,085</u>

4.2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances in RHSP CDC Program bank accounts.

	Amount (USD)
Barclays Region – USD	1,365,401
Barclays Region – UGX	1,444,098
Stanbic Region – USD	2,652
Stanbic Region – UGX	10,109
Cash in hand	345
Beyonic -Cluster-UGX	<u>175,988</u>
	<u>2,998,593</u>

4.2.8 Receivables

This represents

	Amount (USD)
Advances	73,725
Other Receivables	<u>97,707</u>
	<u>171,432</u>

AUDIT OF THE CDC FUNDING TO RAKAI HEALTH SCIENCES PROGRAM (RHSP) FOR THE MASAHA REGION COMPREHENSIVE HIV PROGRAM FOR ACCELERATED EPIDEMIC CONTROL. GRANT NUMBER: 5 NU2GGH002009-03-00 FOR THE BUDGET PERIOD: OCTOBER 01, 2020 TO SEPTEMBER 30, 2021.

4.2.9 Payables

These relate to amounts payable as at September 30, 2021 with firmed up commitments.

	Amount (USD)
Local Payables	(2,188,914)
Other Payables	<u>(235,026)</u>
Total payables	<u>(2,423,940)</u>

4.2.10 Reporting currency and foreign exchange translations

The Schedule of Expenditure is expressed in US Dollars in accordance with the Cooperative Agreement and to meet the needs of the major stakeholders. Expenditure incurred in other currencies other than US Dollars is converted to the reporting currency using the ruling exchange rates.

4.2.11 Fixed assets and inventories.

All purchases of fixed assets and consumables are recorded as expenditure immediately upon purchase. The Schedule of Expenditure does not therefore reflect the value of fixed assets and inventories held at the end of the budget period. RHSP CDC funded programs, however, maintain a record of all fixed assets purchased using CDC funds for tracking purposes.

5. INTERNAL CONTROL OVER FINANCIAL REPORTING, COMPLIANCE AND OTHER MATTERS

5.1 REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING, COMPLIANCE AND OTHER MATTERS TO:

Executive Director
Rakai Health Sciences Program
Uganda Virus Research Institute
P.O. Box 49
Entebbe
Uganda

We have audited the Schedule of Expenditure of Rakai Health Sciences Program (RHSP) relating to the CDC funded programs under award numbers 5 NU2GGH002009-03-00 for the budget period October 01, 2020 to September 30, 2021 and have issued our report on it dated 29 June 2022.

Except for not having an external quality control review by an unaffiliated audit organization (as described in our report on the Schedule of Expenditure), we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal control over financial reporting

The management of RHSP is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contract and grants applicable to federal programs. In planning and performing our audit, we considered RHSP's internal control over compliance with the requirements that could have a direct and material effect on the program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's Internal Control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

5.1 REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

We did not identify any significant deficiency in the entity's internal controls. However, we identified the following matter relating to internal controls.

- Late submission of accountabilities by award sub-recipients.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Compliance

We have audited the compliance of RHSP with the types of compliance requirements described in the 45 CFR part 75 for the year October 01, 2020 to September 30, 2021. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of RHSP's management. Our responsibility is to express an opinion of RHSP's compliance based on our audit.

Except for not conducting external quality control review by an unaffiliated audit organization (as described in our report on the Statement of Schedule of Expenditure), we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 45 CFR part 75. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of RHSP's compliance with those requirements.

The results of our tests disclosed no instances of non-compliance that are required to be reported under *U.S. Government Auditing Standards*.

This report is intended solely for the information and use of management of RHSP and CDC. However, upon release by CDC, this report is a matter of public record and its distribution is not limited.



Ernst & Young
Certified Public Accountants of Uganda
Kampala

29 June 2022

5.2 FINDINGS AND RECOMMENDATIONS ON INTERNAL CONTROL

5.2.1 Late submission of accountabilities by award subrecipients.

Condition

Our review of subrecipients' accountabilities highlighted late submissions for some of the community-based organizations/partners contrary to the signed subaward agreements between RHSP and the different sub awarded organizations.

Criteria

Section 4.3 of the subaward agreements states that "Although funds are disbursed on a quarterly basis, it is a requirement that accountabilities and financial reports are submitted to RHSP on a monthly, by the 05th day of the following month.

45 CFR part 75.303(a) requires that the non-Federal entity establishes and maintains effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Cause

Failure by Districts and some CBOs to timely submit their respective accountabilities. The subgrantees in question had operational and reporting challenges within their respective entities.

Effect

Non-compliance plus monitoring and evaluation gaps that arise from late submission of accountabilities by subrecipients may result into misappropriation of program funds.

Recommendation

RHSP Management should fast-track subrecipients submission of accountabilities to compliance of subrecipients and effective monitoring and evaluation of conducted activities.

Auditee's Comment.

This has been noted for improvement. The Grants and Finance teams embarked on efforts to follow-up on them to ensure timely submission of accountabilities. Monthly meetings are being coordinated with all subgrantees to ensure timely submission of accountabilities.

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6. FOLLOW UP ON PRIOR PERIOD AUDIT ISSUES

	Condition	Recommendation	Current Status
6.1	<p>Noncompliance to the reporting requirements of the Notice of Award. There were late submissions of quarterly reports on Foreign taxes and related tax returns by RHSP throughout the period contrary to the reporting requirements of the Notice of Award.</p> <p>This could potentially expose the organization to temporary withholding of fund payments, suspension or termination of the federal award.</p>	<p>Management should ensure that the reporting requirements of the NOA are strictly adhered to and that any potential hinderances to compliance are timely communicated and/or reported to CDC for redress.</p>	Addressed
6.2	<p>Weakness in Subgrantee Management Process. Whereas we were able to review the subrecipient expense ledgers and corresponding accountabilities, we observed that a number of CBO and District accountabilities had no financial reports attached and no evidence of an advance reconciliation being performed. Specific examples include Kyazanga Hope of Life and The Children Support Organization Mpigi. In addition, we noted a scenario where funds continued to be disbursed to one of the districts (Bukomansimbi) irrespective of them having not provided accountability for the prior period advanced funds.</p>	<p>RHSP Management should reinforce its review and reconciliation procedures to ensure appropriate retirement of advances to partners.</p>	Addressed

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6. FOLLOW UP OF PRIOR YEAR ISSUES (CONTINUED)

	Condition	Recommendation	Current Status
6.3	<p>Weakness in Project supplies Management</p> <p>There were significant variances noted between the count results and the system results during the count conducted in June 2020. These variances were not reconciled or resolved. In addition, we performed a random sample stock count and identified variances between the physical stock records and the system stock.</p> <p>This is an indication that variances are not reconciled or resolved on an ongoing basis.</p>	<p>RHSP Management should consider undertaking more stock count exercises during the financial period. In addition, all variances noted, should be reconciled and resolved accordingly.</p>	<p>Addressed</p>
6.4	<p>Late review and approval of Advances.</p> <p>Our review of the Beyonic account reconciliations indicated that a significant number of advance requests were not timely reviewed and approved within the system. These appeared on the Beyonic reconciliations as uncleared amounts with approval and clearance of amounts overdue to an extent of over a month.</p> <p>Failure to review and approve advance requests in a timely manner can potentially result in delays in the implementation of project activities.</p>	<p>RHSP Management should fast-track the advance approval process to ensure that advances are reviewed and approved in time.</p>	<p>Addressed.</p>