



THE REPUBLIC OF UGANDA

UGANDA PRISONS SERVICES

GRANT No: 1 U2GGH001605-01

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC)
FOR THE YEAR ENDED 31ST MARCH 2017

OFFICE OF THE AUDITOR GENERAL
UGANDA

ACRONYMS

18 U.S. C § 1905	18 U.S. Code § 1905- Disclosure of confidential information generally
AICPA	American Institute of Certified Public Accountants.
AIDS	Acquired Immune Deficiency Syndrome
BoQs	Bills of Quantities
CFR	Code of Federal Regulations
FAS	Fund Accountability Statement
FFR	Annual Federal Financial Report
GAGAS	Generally Accepted Government Auditing Standards
GoU	Government of Uganda
HIV	Human Immunodeficiency Virus
HVSI	Strategic Information
HVTB	Palliative Care: TB/HIV
MTCT	Prevention of Mother To Child Transmission (PMTCT)
NSSF	National Social Security Fund
OHSS	Policy Analysis and Systems Strengthening
PI	Principal Investigator
PMS	Payment Management System
PPDA	Public Procurement and Disposals of Public Assets Authority
PMTCT	Prevention of Mother-to-Child Transmission
TB	Tuberculosis
UGX	Uganda Shilling
UPS	Uganda Prisons Service
US	United States of America
US \$	United States Dollar
USAID	United States Agency for International Development
URA	Uganda Revenue Authority
VAT	Value Added Tax
GOU	Government of Uganda
CFR	Code of federal regulations.
CA	Corporate Agreement
HHS	Health and Human Services

REPORT OF THE AUDITOR GENERAL ON THE FUND ACCOUNTABILITY STATEMENT
OF THE CENTERS FOR DISEASE CONTROL (CDC)
- GRANT NO: 1 U2GGH001605-01
FOR THE YEAR ENDED 31st MARCH, 2017

THE RT. HON. SPEAKER OF PARLIAMENT

I have audited the Fund Accountability Statement (FAS) of Centers for Disease Control and Prevention (CDC) Grant No:1 U2GGH001605-01 for the year ended 31st March, 2017. The Fund Accountability Statement, together with the notes and the summary of significant accounting policies are set out on pages 9 to 13.

Management's responsibility for the Fund Accountability Statement

Management is responsible for the preparation and fair presentation of the Fund Accountability Statement in accordance with Generally Accepted Accountability Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Fund Accountability Statement that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the Fund Accountability Statement based on my audit. I conducted my audit in accordance with US Government Auditing Standards issued by the Comptroller General of the United States, and International Standards on Auditing (ISA). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Fund Accountability Statement is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the Fund Accountability Statement presents fairly, in all material respects, the revenues and costs of the Centers for Disease Control and Prevention (CDC), Grant No: 1 U2GGH001605-01 for the year ended 31st March, 2017, and the Fund balance as at the end of year, in accordance with the terms of the funding agreement and with basis of accounting set out in Note 3.2.1 to the financial statements.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, sweeping flourish extending to the right.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

3rd November, 2017

**REPORT OF THE AUDITOR GENERAL ON THE INTERNAL CONTROL STRUCTURE OF
THE CENTERS FOR DISEASE CONTROL (CDC)-GRANT NO: 1 U2GGH001605-01
FOR THE YEAR ENDED 31st MARCH, 2017**

I have audited the Fund Accountability Statement (FAS) of Uganda Prisons Service (UPS), Centers for Disease Control and Prevention Cooperative Agreement Grant Number 1 U2GGH001605-01, for the year ended 31st March, 2017 and issued a report thereon.

UPS Management is responsible for establishing and maintaining effective internal control. In fulfilling this responsibility, management is required to use estimates and judgments to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable assurance, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with the terms of agreements; and transactions are recorded properly to permit the preparation of the Statement in conformity with the basis of accounting described in Note 3.2 to the FAS. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

My responsibility is to express my opinion on the operations of the internal controls, based on my audit procedures. I conducted the audit in accordance with US Government Auditing Standards issued by the Comptroller General of the United States, and International Standards on Auditing. In planning and performing my audit, I considered the entity's internal control over financial reporting (internal control) as a basis for designing my auditing procedures.

In planning and performing my audit of the FAS for the year ended 31st March 2017, I obtained an understanding of internal control. With respect to internal control, I obtained an understanding of design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine the audit procedures. As discussed below, I identified certain deficiencies in internal control that I considered to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Deficiencies in the entity's internal control which were identified to be material and significant deficiencies have been outlined in paragraphs 5.1.1 through to 5.1.3.

In my opinion, except for the deficiencies observed as indicated above, UPS Management, in all material respects, implemented the internal controls for the purposes of achieving the project objectives, laid out in the Grant Cooperative Agreement, during the year ended March 31, 2017.

A handwritten signature in black ink, appearing to read 'J. Muwanga', with a large, sweeping flourish extending to the right.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

3rd November, 2017

**REPORT OF THE AUDITOR GENERAL ON THE COMPLIANCE WITH COOPERATIVE
AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS OF
THE CENTERS FOR DISEASE CONTROL (CDC) - GRANT NO: 1U2GGH001605-01
FOR THE YEAR ENDED 31st MARCH, 2017**

I have audited the Fund Accountability Statement (FAS) of Uganda Prisons Service, Centers for Disease Control and Prevention Cooperative Agreement Grant Number 1U2GGH001605-01, for the year ended 31st March, 2017 and issued a report thereon.

Compliance with the funding agreement terms and laws and regulations applicable to UPS is the responsibility of Uganda Prisons management.

My responsibility is to express my opinion whether, UPS complied with the terms of the Grant Cooperative Agreement and; laws and regulations. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, I performed tests of Uganda Prisons compliance with certain provisions of the agreement terms and laws and regulations.

Three instances of noncompliance that are required to be reported in accordance with US Government Auditing Standards were noted during our audit. These instances are described in paragraphs 5.2.1 and 5.2.2.

I considered the above instances of non-compliance in forming my opinion whether UPS' Fund Accountability Statement is presented fairly, in all material respects, in accordance with the terms of the agreement and in conformity with the basis of accounting described in Note 3.2 to the Fund Accountability Statement and this report does not affect my Opinion on the Fund Accountability.

In my opinion, except for the incidences of non-compliance observed as indicated above, in all material respects, Management complied with the terms of the Grant Cooperative Agreement and the applicable laws and regulations during the year ended March 31, 2017.



John F.S. Muwanga

AUDITOR GENERAL

3rd November, 2017

**DETAILED REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE CENTERS FOR DISEASE CONTROL PROJECT FOR THE YEAR ENDED 31ST
MARCH, 2017**

This Section outlines the detailed audit findings, management responses, and my recommendations in respect thereof.

1.0 INTRODUCTION

Article 163 (3) of the Constitution of the Republic of Uganda, 1995 (as amended), requires me to audit and report on the public accounts of Uganda and all public offices including the courts, the central and local government administrations, universities, and public institutions of the like nature and any public corporation or other bodies or organizations established by an Act of Parliament. Accordingly, I appointed M/s Dativa and Associates, Certified Public Accountants to carry out the audit on my behalf and report to me to enable me report to Parliament.

2.0 PROJECT BACKGROUND

Uganda Prisons Service (UPS) is a Uganda Government entity, established by Article 215 of the Constitution of the Republic of Uganda. It is charged with the responsibility of keeping all people that are legally detained; in a prison and ensures that they are kept in safe, secure and humane custody; while placing human rights at the center of correctional services programs. The institutional set up consists of sixteen regions that oversee 274 prisons which are spread across the country.

UPS received a five-year award of US Dollars 5,457,450, reference Number 1U2GGH001605-01, from the Centers for Disease Control and Prevention, with effect from April 01, 2015. The award is for the provision of comprehensive Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS); Sexually Transmitted Infections (STIs) and Tuberculosis (TB), under the US President's Emergency Plan for AIDS Relief (PEPFAR). This was a sequel to an earlier one of US Dollars 1,881,240 that ran from 2009 to 2014.

The targeted population, which is under the jurisdiction of UPS for the purpose of this award, is estimated at 380,047 people; comprising 9,600 staff, 47,547 prisoners (with an annual turnover of 170,000 prisoners), 57,000 prison staff relatives and 264,300 members of the neighboring communities that access the prisons' establishment health facilities.

According to the cooperative agreement, the award funds were to be released to UPS, subject to availability and satisfactory progress of the project, as detailed in the table below:

Year	Period	Award (US Dollars)	Cumulative Total (US Dollars)
Year 1	Apr 01 2015 to Mar 01, 2016	657,450	657,450
Year 2	Apr 01 2016 to Mar 01, 2017	1,200,000	1,857,450
Year 3	Apr 01 2017 to Mar 01, 2018	1,200,000	3,057,450
Year 4	Apr 01 2018 to Mar 01, 2019	1,200,000	4,257,450
Year 5	Apr 01 2019 to Mar 01, 2020	1,200,000	5,457,450

3.0 OBJECTIVES OF THE PROJECT

The overall goal of the project is to improve the health status of prisoners, staff and their families by strengthening the UPS capacity to provide comprehensive prevention, treatment, care, and support services for HIV/AIDS and related OIs, STDs, TB and malaria—equivalent to those available in the community and consistent with national policies within 5 years.

The specific objectives are:

- To document HIV/STD/TB prevalence, incidence and the related risky behaviours among prisoners and staff to inform health planning and services delivery in the UPS by 2010.
- To promote HIV prevention strategies for the prisons community.
- To provide comprehensive HIV/SDT/TB continuum of care (including HCT, clinical care, social support) to 16,875 prisoners, 2,605 staff and 4,704 family members by 2013.
- To develop and strengthen HIV/IDS policies, operational guidelines and administrative instructions for the UPS by 2013.

4.0 CATEGORIZATION AND SUMMARY OF FINDINGS

4.1 Categorization of findings

The observations have been ranked according to the level of significance as below

No.	Category	Description
1	<i>High significance</i>	<i>Has a significant/material impact, has a high likelihood of reoccurrence, and in the opinion of the Auditor General, it requires urgent remedial action. It is a matter of high risk or high stakeholder interest.</i>
2	<i>Moderate</i>	<i>Has a moderate impact, has a likelihood of reoccurrence,</i>

	<i>significance</i>	<i>and in the opinion of the Auditor General, it requires remedial action. It is a matter of medium risk or moderate stakeholder interest.</i>
3	<i>Low significance</i>	<i>Has a low impact, has a remote likelihood of reoccurrence, and in the opinion of the Auditor General, may not require much attention, though its remediation may add value to the entity. It is a matter of low risk or low stakeholder interest.</i>

4.2 **Categorization of findings**

No	Finding	Significance
5.1	General Standard of Accounting and Internal Control	
5.1.1	Ineligible costs	Moderate
5.1.2	Inaccurate Financial Reporting	Moderate
5.1.3	Budgetary Controls	Moderate
5.2	Compliance with the Financing Agreement and GoU Financial Regulations	Moderate
5.2.1	Late submission of quarterly Financial Reports	Moderate
5.2.2	Realized foreign exchange difference	Moderate

5.0 **DETAILED AUDIT FINDINGS**

5.1 **General Standard of Accounting and Internal Control**

A review was carried out on the system of accounting and internal control. The following issues were noted;

5.1.1 **Ineligible costs**

Title 45, Part 75.470 (3) (b) of the Code of Federal Regulations (CFR) provides that taxes which the non-Federal entity is required to pay and which are paid or accrued in accordance with GAAP, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for taxes from which exemptions are available to the non-Federal entity directly or which are available to the non-Federal entity based on an exemption afforded the Federal Government and, in the latter case, when the HHS awarding agency makes available the necessary exemption certificates.

During my testing of supplies contract costs, I noted that although generally the payments were inclusive of Value Added Tax, in sum of US \$ 33,359.06, Management did not report to CDC on VAT tax payments made for the services and supplies received to facilitate the initiation of the required steps for the tax reimbursement to

be made to CDC. I further noted that no schedule had been prepared for submission to CDC office in Uganda, to facilitate a claim for refund. The Table below presents the details of the questioned costs:

Date	Vr No.	Details	Amount		Observation
			UGX	US\$	
4/4/2016	31	Honda Uganda Ltd	19,664,237	5,618.35	VAT charged on the award grant where an exemption or right to reimbursement exists.
7/4/2016	38	Kamage enterprises	3,006,900	859.11	-do-
7/4/2016	40	Toyota Uganda Ltd	152,828	43.67	-do-
27/4/2016	70	Eurasia Business Systems Uganda Ltd	3,961,800	1,131.94	-do-
27/4/2016	71	AIG (U) Ltd	4,997,962	1,427.99	-do-
15/6/2016	8	BP-Design Moments Ltd	9,047,288	2,584.94	-do-
15/6/2016	9	Lunko Enterprises Ltd	10,882,474	3,109.28	-do-
27/6/2016	31	Bamboo-Shoot Auto Diagnostics & Trouble shooters (U) Ltd	399,330	114.09	-do-
2/8/2016	1	Great Lakes Trading Tropical Co.	533,898	152.54	-do-
2/8/2016	11	BP-Design Moments Ltd	15,078,814	4,308.23	-do-
26/8/2016	15	Toyota Uganda Ltd	373,976	106.85	-do-
6/10/2016	34	Tyre Express (U)Ltd	579,661	165.62	-do-
4/11/2016	10	Heizo Establishment Ltd	3,049,200	871.20	-do-
4/11/2016	11	Lunko Enterprises Ltd	531,630	151.89	-do-
7/11/2016	46	Toyota Uganda Ltd	2,179,580	622.74	-do-
7/11/2016	47	Visible Investments Ltd	6,990,300	1,997.23	-do-
20/12/2016	9	Transcell Biotech Systems Company Ltd	3,418,474	976.71	-do-
20/12/2016	10	Symbiotic Investments Ltd	1,674,000	478.29	-do-
3/1/2017	18	Dativa & Associates	2,268,000	648.00	-do-
10/1/2017	22	Lunko Enterprises Ltd	532,440	152.13	-do-
24/2/2017	26	Toyota Uganda Limited	1,657,969	473.71	-do-
9/3/2017	13	Toyota Uganda Limited	283,301	80.94	-do-
13/3/2017	23	Dativa & Associates	2,268,000	648.00	-do-
16/4/2017	46	Grand construction company (U) Ltd	16,021,530	4,577.58	-do-
22/3/2017	48	Earth Link Technical Services Ltd	1,192,950	340.84	-do-

Date	Vr No.	Details	Amount		Observation
			UGX	US\$	
27/3/2017	59	BP Designs Moments Ltd	6,010,169	1,717.19	-do-
		Total	116,756,711	33,359.06	

CDC has not been reimbursed for taxes paid for with grant funds. This may lead to loss of grant funds.

Management explained that at the time of the audit, UPS was still compiling the documents required for submission to CDC to facilitate reimbursement of VAT tax payments. However, this process is complete and the necessary documents have been submitted to CDC Uganda office on 25/10/2017.

I advised management to take the required action to initiate the process of enabling CDC to claim a refund for reimbursement of the amounts paid out as VAT.

5.1.2 **Inaccurate Financial Reporting**

Title 45, Part 75.302(b) (i) of the Code of Federal Regulations (CFR) requires that grant recipients' financial management systems shall provide for accurate, current and complete disclosure of the financial results of each U.S. Department of Health and Human Services (HHS)-sponsored project or program in accordance with the reporting requirements set forth in Section **75.341** & 75.342.

I noted that the Grant Financial Status Report had overstated the total expenditure, by US \$ 8,651.09. The reported expenditure was US \$ 555,721.16, as opposed to the audited total expenditure of US \$ 547,069.39. The table below refers:

Expenditure	Reported amount	Actual amount	Variance
	US\$	US\$	US\$
Personnel	121,886.44	123,616.39	(1,729.95)
Fringe Benefits	11,655.49	8,654	3,001.42
Travel	89,548.21	79,326	10,221.84
Equipment	17,611.00	-	17,611.00
Supplies	158,589.66	118,536	40,053.91
Other (Specify):	156,430.36	216,937	(60,507.13)
Total	555,721.16	547,069.39	8,651.09

UPS misstated actual outlays for each reporting period.

Management explained that the UPS accounting staff have not been trained in the CDC financial management and compliance rules. UPS will revise the Year 2 financial report and re-submit to CDC for the period April 1, 2016 – March 31, 2017. They further explained that UPS is in the process of ensuring that officers in charge of CDC project to attend this year’s training in addition to putting checks and balances before the reports are submitted.

I advised UPS management to develop procedures for accurately reporting the Federal outlays on the annual FFR submissions for the CDC grants for the specific reporting period; improve internal control over financial reporting by reconciling the reported amounts to the vote control book prior to submission. I Also advised Management to ensure that Accounting staff are adequately trained in preparing FFRs.

5.1.3 **Budgetary Controls**

Title 45, Part 75.308 (b) of the Code of Federal Regulations (CFR) requires recipients to report deviations from budget or project scope or objective, and request prior approval for budget and program plan revisions, in accordance with this section. During the analysis of the annual Federal Financial Report (FFR) or Financial Status Report (FSR) and the comparisons to the actual expenditures, by award and budget line item for the year, I noted that UPS did expend more than their total annual budget on Travel and Supplies. US\$ 64,858.12 was expended in excess of the available budgetary line item amounts as indicated in the Table below;

Budget Line Item	Available Funds	Expenditure	Over-Expenditure	Percent Used
	US\$	US\$	US\$	
Travel	59,756	79,326.37	(19,570.37)	133%
Supplies	73,248	118,535.75	(45,287.75)	162%
Total			(64,858.12)	

UPS expended funds in excess of awarded amounts totaling US\$ 64,858.12 that resulted in a significant re-direction of funds by budget category during the year which is not allowed under the Cooperative Agreement.

Management explained that due to the nature of USAID/CDC reporting format, obligations made at the end of the budget year 2016/17 were liquidated during the budget year 2017/18 and were included in the opening balance of 2017/18 making the total budget higher than what was in the NOA. Management further explained that the unliquidated obligations that were liquidated in this current year had to be reported in the FAS; it is these amounts that affected the budgeted figures on Travel and Supplies when making the final report.

I advised Management to develop a corrective action plan to ensure compliance with the NOA budget funding requirements, which includes improved monitoring and recording of Cooperative Agreement expenditures by budget line item. I further advised Management to request a NOA with the revised budget amounts from CDC and consider its options for reimbursing CDC for the budget lines that exceeded the available funding, and which CDC determines are unallowable, with non-federal funds.

5.2 Compliance with the Financing Agreement and GoU Financial Regulations

It was observed that Management had complied in all material aspects with the financing agreement and GoU financial regulations except for the following matters;

5.2.1 Late submission of quarterly Financial Reports

Title 45, Part 75.341 of the Code of Federal Regulations (CFR) on financial reporting states that; unless otherwise approved by OMB, the HHS awarding agency may solicit only the standard, OMB-approved government-wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

Although monthly financial returns are supposed to be submitted by the 15th day of the subsequent month as indicted in Table 5 below, I noted that all the quarterly financial reports (April - June 2016 to January – March 2017) were not submitted to CDC on time.

Table 5: Submission of quarterly Financial Reports

Period	Agreed date	Actual date of submission
April - June 2016	July 15, 2016	July 29, 2016
July – September 2017	October 15, 2017	October 31, 2017
October – December 2017	January 15, 2017	January 30, 2017
January – March 2017	April 15, 2017	May 3, 2017

Late submission of returns may delay reporting, monitoring and evaluation of the project by the Development Partner.

Management responded that late submission of Federal Financial Reports is due to limited access to internet services at upcountry facility level which causes them to report late to the head office in addition to understaffing. They indicated that UPS will adhere to the reporting timelines as stipulated in the Cooperative Agreement.

I advised management to adhere to the reporting timelines stipulated in the Cooperative Agreement.

5.2.2 Realized foreign exchange difference in the sum of US \$ 5,683.33

Title 45, Part 75.440 (a) of the Code of Federal Regulations (CFR) provides that prior approval of exchange rate fluctuations is required only when the change results in the need for additional Federal funding, or the increased costs result in the need to significantly reduce the scope of the project. The HHS awarding agency must however ensure that adequate funds are available to cover currency fluctuations in order to avoid a violation of the Anti-Deficiency Act.

The foreign currency exchange rate clause in the Corporate Agreement (CA) provides for all requests for funds contained in the budget to be in the U.S. dollars. Once an award is made, CDC will not compensate foreign grantees for currency exchange fluctuations through issuance of supplements”.

I noted that Uganda Prisons realized a foreign exchange loss of US \$ 5,683.33 on the CDC Grant Number 6 U2GGH001605-01 transactions, during the financial year ended March 31, 2017.

The drawdowns made from the HHS PMS were initially established in UGX, the functional currency, and converted into US \$ at a standard exchange rate of US \$ 1:

UGX 3,500. However, when the drawdown installments (there were eighteen installments altogether, during the year) were transferred to the UPS, bank account at the Bank of Uganda, they were converted at the exchange rate that was ruling at the time of the transaction. The exchange rate for US \$ 1; at which each of the drawdown was converted into UGX was at the average rate of 3,506.22 for all the drawdown installments.

The effect of the revenue funds credited to UPS's bank account at a different foreign currency exchange rate from the one used at the time of effecting the requisition from the U.S. Department of Health and Human Services (HHS) PMS was a realized exchange difference of US \$ 5,683.33. Consequently, the closing bank balance at UPS' bank account, as at March 31, 2017, becomes sufficient to settle outstanding commitments for which the funds are requisitioned. This is so, because for each payment that is made, there is an encroachment on the funds in the bank account, which are earmarked for payment of other activities.

Management responded that UPS will notify CDC of this funding gap that has arisen as a result of foreign currency exchange fluctuations. Management further explained that this was due to the standard exchange rate used on the budget performance that was sent during the inception of the project which has kept on fluctuating from the time and again. UPS is going to discuss with CDC to provide for a higher exchange rate in the budget performance in order to mitigate the issues related to foreign currency exchange fluctuations.

I advised Management to devise means of resolving the funding gap that has arisen, as a result of foreign currency exchange fluctuations.