



MEMORANDUM

DATE: December 19, 2018

TO: USAID/Tanzania, Mission Director, Andrew Karas

FROM: USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

SUBJECT: Financial Audit of USAID Resources Managed by T-MARC Tanzania Under Agreement AID-621-A-17-00001, December 31, 2016, to December 31, 2017 (Report No. 4-621-19-033-R)

This memorandum transmits the final audit report on T-MARC Tanzania. T-MARC Tanzania contracted with the independent certified public accounting firm Ernst & Young, Dar es Salaam, Tanzania to conduct the audit. The audit firm stated that the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit firm states that it performed its audit in accordance with GAGAS, except that the audit firm did not have continuing professional education and external peer review programs that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on T-MARC Tanzania's fund accountability statement; 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 fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate T-MARC Tanzania's internal controls; (3) determine whether T-MARC Tanzania complied with award terms and applicable laws and regulations; and (4) review the indirect cost rate.

To answer the audit objectives, Ernst & Young (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and

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.

the revenues received from USAID for the period covered by the audit and the costs reported by T-MARC Tanzania as incurred from December 31, 2016, to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to T-MARC Tanzania's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (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 fund accountability statement; and (4) determined that the review of the indirect cost rate was not applicable. T-MARC Tanzania reported expenditures of \$873,618 in USAID funds during the audited period.

The audit firm concluded that 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 reported one significant deficiency in internal control. The audit firm also reported five observations from the audit of the general purpose financial statements, which are not related to the USAID-funded program. Accordingly, we are not making recommendations on them. The audit firm did not report any instances of material noncompliance.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated December 19, 2018.

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

Recommendation I. Verify that T-MARC Tanzania corrects the one significant deficiency in internal control detailed on pages 23 to 24 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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”).