



MEMORANDUM

DATE: July 8, 2019

TO: USAID/Zimbabwe, Mission Director, Stephanie Funk

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

SUBJECT: Financial Audit of USAID Resources Managed by [REDACTED] in Zimbabwe Under Cooperative Agreement AID-613-A-12-00005, January 1 to December 31, 2017 (Report No. 4-613-19-104-R)

This memorandum transmits the final audit report on USAID resources managed by [REDACTED]. [REDACTED] contracted with the independent certified public accounting firm [REDACTED] 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 generally accepted government auditing standards except that the audit firm did not have an external peer review program 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 [REDACTED] fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 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 [REDACTED] internal controls, (3) determine whether [REDACTED] complied with award terms and applicable laws and regulations (4) review the indirect cost rate; and (5) review the implementation status of prior period recommendations.

To answer the audit objectives, [REDACTED] (1) audited the fund accountability statement for the award 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 [REDACTED] as incurred from January 1 to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to [REDACTED] [REDACTED] 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; (4) determined that review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of prior period recommendations. [REDACTED] [REDACTED] reported expenditures of \$1,036,467 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 except for \$30,062 in ineligible questioned costs. The audit firm also reported two instances of material noncompliance. The questioned costs and one instance of material noncompliance were connected with the requirement to seek [REDACTED] [REDACTED]; however, [REDACTED] [REDACTED] As a result of this determination we are not making recommendations on this matter. The audit firm did not identify any material weaknesses or significant deficiencies in internal control.

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 July 8, 2019.

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

Recommendation 1. Verify that [REDACTED] corrects the one instance of material noncompliance detailed on page 17 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”).

We have redacted information from this transmittal memo. The information in the third paragraph on page 2 was withheld because it is privileged. All other instances where information has been withheld are because release would constitute an invasion of privacy.