



MEMORANDUM

DATE: January 23, 2020

TO: USAID/Southern Africa, Mission Director, John Groarke

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Financial Audit of USAID Resources Managed by Wits Health Consortium (Pty) Ltd in Multiple Countries Under Multiple Awards, January 1 to December 31, 2018 (Report No. 4-674-20-031-R)

This memorandum transmits the final audit report on USAID resources managed by Wits Health Consortium (Pty) Ltd (WHC) under multiple awards in multiple countries, which are listed in the attached appendix I. WHC contracted with the independent certified public accounting firm Deloitte & Touche, Johannesburg, South Africa, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), except that the audit firm did not have continuing professional education and external quality control 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 WHC'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 WHC's internal controls; (3) determine whether WHC 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, Deloitte & Touche (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 WHC as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to WHC's ability to report financial data consistent with the assertions embodied in each account

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.

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) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. WHC reported expenditures of \$60,811,397 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 \$129,244 in total questioned costs (\$128,610 ineligible and \$634 unsupported); no material weaknesses in internal control; and seven instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiency noted in the report, we suggest that USAID/Southern Africa determine if the recipient addressed the issues noted. The audit firm also issued a management letter.

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 controller, dated January 23, 2020.

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

Recommendation 1. Determine the allowability of \$129,244 in questioned costs (\$128,610 ineligible, \$634 unsupported) on pages 25, 28 and 52 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Wits Health Consortium corrects the seven instances of material noncompliance detailed on pages 70 to 77 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").

Appendix I- Award List

No.	Agreement Number	Agreement Type
1	AID-674-A-15-00013 (EGRS)	USAID prime agreement
2	AID-674-A-12-00019 (MATCH-HSS) – closeout	USAID prime agreement
3	AID-674-A-12-00032 (WRHI-ADOL) - closeout	USAID prime agreement
4	AID-OAA-A-15-00069 (WRHI- ART DR)	USAID prime agreement
5	AID-674-A-12-00021 (WRHI-HSS) – closeout	USAID prime agreement
6	AID-674-A-12-00034 (WRHI-CSW) – closeout	USAID prime agreement
7	AID-674-A-12-00029 (HERO INROADS – closeout)	USAID prime agreement
8	72067418CA00019 (WRHI APACE)	USAID prime agreement
9	72067418CA00027 (WRHI Key Pops)	USAID prime agreement
10	72067418CA00006 (BEAT TB)	USAID prime agreement
11	72067418CA00025 (Match APACE)	USAID prime agreement
12	RTC Sub agreement under AID-674-A-12-00020 – AGINCOURT RTC (closeout)	RTC Subagreement
13	POP Sub agreement under OAA-A-14-00060 – AGINCOURT SOAR	POP Subaward
14	CHRU Durban Stream	MRC Subagreement
15	CHRU HJH Stream II	HJH Subaward
16	RTC CHRU under AID-674-A-12-00020, CHRU RTC – (closeout)	RTC Subagreement
17	RTC Sub agreement M&E CCMT RTC-DMMH under AID-674-A-12-00020 – (closeout) – Zambia	RTC Subaward
18	RTC Sub agreement RTC-DMMH- EQUIP under AID-OAA-A-15-00070 – in Zambia	RTC Subaward
19	HERO-EQUIP under AID-OAA-A-15-00070	RTC Subaward
20	IAMI Task Order number 8071 (IAMI-CLS)	IAMI Subagreement
21	AID-OAA-A-16-00032 (IAMI-Lynn Morris)	IAMI Subagreement
22	JSI Sub agreement 37188-1089 under S-LMAQM-16-CA1103 (Match Dreams)	JSI Subaward
23	RTC Sub agreement RTC MATCH EQUIP under OAA-A-15-00070	RTC Subaward
24	USAID – CSA1008 (MATCH – IPM)	IPM Subagreement
25	USAID – EMSA – 17-0005 (MATCH – VOGUE)	CONRAD/EVMS

26	POP Sub agreement SH 1607 (MATCH – POP)	POP Subaward
27	RTI Sub agreement I-312-0214896-52402L under 888-15-30-01 (MATCH – Quatro) – closeout	RTI Subagreement
28	RTC Sub agreement – PHD under AID-674-A-12-00020 (PHD RTC) – closeout	RTC Subaward
29	POP Sub SH1505 under AID-OAA-14-00060 (PHRU-SOAR) – closeout	POP Subaward
30	FHI Sub agreement 15004188 under OAA-A-15-00035 (WRHI OPTIONS)	FHI Subaward
31	WRHI Sub agreement 4-312-0214924-52383L under AID-OAA-A-15-00032 (WRHI-CHARISMA)	RTI Subagreement
32	WRHI Sub agreement UWSC8514 under AID-OAA-A-15-00034 (WRHI-UW-POWER) – in Kenya and South Africa	UW Subaward
33	AID-OAA-A-16-00031 (WRHI AVAC)	IAVI Subaward
34	#S2WITSPE (CHRU PE STREAM II)	International Union against Tuberculosis and Lung Disease Union Subaward
35	AID-OAA-A-14-00029 (PHRU-KNCV)	AURUM Subaward
36	FHI Sub agreement 102267.001.001.009 under 612-C-16-005 (SBCC-FHI) – in Malawi	FHI Subaward
37	FHI Subagreement PO18003357 under AID-OAA-A-15-00045 (Echo Trial – Commercial City)	FHI Subaward
38	FHI Subagreement PO19000013 under AID-OAA-A-15-00045 (Larc Study)	FHI Subaward
39	POP subaward SPI707 (Dreams CMT) - closeout	POP Subaward
40	FHI Subagreement PO18003355 under AID-OAA-A-15-00045 (Echo Trial – Edenvale)	FHI Subaward
41	HERO Sub award under 72067419CA00004 (HERO-EVIDENCE)	HERO Subaward

All awards are implemented in South Africa unless another country is indicated in above table next to the award.