



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: July 5, 2022

TO: USAID/Zimbabwe, Acting Mission Director, Priscilla Sampil

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

SUBJECT: Financial Audit of USAID Resources Managed by Hospice and Palliative Care Association of Zimbabwe Under Multiple Awards, October 1, 2020, to September 30, 2021 (Report No. 4-613-22-071-R)

This memorandum transmits the final audit report on USAID resources managed by Hospice and Palliative Care Association of Zimbabwe (HOSPAZ) under the following awards: 1) HOSPAZ Vana Bantwana (HB), award AID-613-A-15-000001; and 2) KUNDA Nqobi, subaward 72061319R00009 under Union Zimbabwe Trust. HOSPAZ contracted with the independent certified public accounting firm Grant Thornton, Harare, Zimbabwe, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on HOSPAZ's schedule of expenditures of USAID awards (SEFA); 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 SEFA for the period audited, was presented fairly, in all material respects; (2) evaluate HOSPAZ's internal controls; (3) determine whether HOSPAZ complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, Grant Thornton (1) audited the SEFA 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 HOSPAZ as incurred from October 1, 2020, to September 30, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to HOSPAZ's ability to report financial data consistent with the assertions embodied in each account of the fund accountability

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.

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 the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. HOSPAZ reported expenditures of \$4,073,641 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 \$21,033 in ineligible total questioned costs; one significant deficiency in internal control; and two instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Zimbabwe determine the allowability of the \$21,033 in ineligible questioned costs and recover any amount determined to be unallowable. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Zimbabwe determine if the recipient addressed the issue noted. In addition, we are not making a recommendation for the two instances of material noncompliance, since one is tied to the questioned costs, and the other reported as a significant deficiency in internal control.

Accordingly, we are not making any recommendations.

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").