



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

MEMORANDUM

DATE: December 13, 2022

TO: USAID/Mozambique, Mission Director, Helen Pataki

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

SUBJECT: Financial Audit of USAID Resources Managed by Associação ComuSanas in Mozambique Under Cooperative Agreement 72065620CA00006, April 28, 2020, to December 31, 2021 (Report No. 4-656-23-037-R)

This memorandum transmits the final audit report on USAID resources managed by Associação ComuSanas for the OVC Response (Sofala) project. Associação ComuSanas contracted with the independent audit firm KPMG, Maputo, Mozambique to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Associação ComuSanas' schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate Associação ComuSanas' internal controls; (3) determine whether Associação ComuSanas 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, KPMG (1) audited the schedule of expenditures of USAID awards 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 Associação ComuSanas as incurred from April 28, 2020, to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Associação ComuSanas' ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (3) identified the award

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.

terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) determined that there were no prior period recommendations since this was the recipient's first audit. Associação ComuSanas reported expenditures of \$5,117,886 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$87,515 in ineligible questioned costs; four material weaknesses in internal control; and two instances of material noncompliance. The audit firm also issued a management letter.

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

Recommendation 1. Determine the allowability of \$87,515 in ineligible questioned costs on pages 18 and 19 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Associação ComuSanas corrects the four material weaknesses in internal control detailed on pages 28 to 34 of the audit report.

Recommendation 3. Verify that Associação ComuSanas corrects the two instances of material noncompliance detailed on pages 30, 31, and 34 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").