



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: January 19, 2023

TO: USAID/Southern Africa, Acting Mission Director, Laura Coughlin

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

SUBJECT: Financial Audit of USAID Resources Managed by THINK Tuberculosis and HIV Investigative Network (RF.) NPC in South Africa Under Multiple Awards, March 1, 2021, to February 28, 2022 (Report No. 4-674-23-047-R)

This memorandum transmits the final audit report on USAID resources managed by THINK Tuberculosis and HIV Investigative Network (RF.) NPC (THINK) in South Africa under the following awards: 1) Safeguarding Advances in TB Treatment by Strengthening the MDR TB Health Care Platform-SAFT Project, cooperative agreement 72067419CA00013; and 2) STREAM Project – Community Engagements and Clinical Trails, subaward under Vital Strategies Inc. THINK contracted with the independent audit firm SustainAbility Solutions PC, Michigan, USA to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on THINK's 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 THINK's internal controls; (3) determine whether THINK 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, SustainAbility Solutions (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 THINK as incurred from March 1, 2021, to February 28, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to THINK's ability to report financial data consistent with the assertions embodied in

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.

each account of the schedule of expenditures of USAID awards; (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 schedule of expenditures of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. THINK reported expenditures of \$9,134,379² 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. The audit firm identified \$144 in ineligible questioned costs; no material weaknesses in internal control; and no 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/Southern Africa determine the allowability of the \$144 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

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").

² 72067419CA00013 SAFT TB LON Project -USAID Prime total costs \$9,076,305 + Clinical Trials and Community Engagement Subaward under Vital Strategies Inc. total costs \$58,074 = Total USAID expenses \$9,134,379