



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: June 25, 2024

TO: USAID/Southern Africa, Acting Regional Mission Director, Richard Burns

FROM: USAID OIG Africa Regional Office, Assistant Audit Director, John Slattery /s/

SUBJECT: Financial Audit of USAID Resources Managed by Centre for Community Impact in South Africa Under Cooperative Agreement 72067418CA00008, July 1, 2022, to June 30, 2023 (Report No. 4-674-24-095-R)

This memorandum transmits the final audit report on USAID resources managed by Centre for Community Impact (CCI) under Local Governance to Improve Gender Based Violence Response Project. CCI contracted with the independent audit firm BDO South Africa Inc., Cape Town, South Africa 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 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 CCI'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 CCI's internal controls; (3) determine whether CCI 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, BDO (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 CCI as incurred from July 1, 2022, to June 30, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to CCI's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement schedule of expenditures of USAID; (3) identified the award terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material

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.

effect on the schedule of expenditures of USAID awards; (4) determined that the review of indirect cost rate was not required; and (5) reviewed the implementation status of the prior period recommendations. CCI reported expenditures of \$2,668,105 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 reported no questioned costs; no material weaknesses in internal controls and two instances of material noncompliance. The audit firm issued a management letter.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated June 25, 2024.

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

Recommendation 1. Verify that Centre for Community Impact corrects the two instances of material noncompliance detailed on pages 31 and 32 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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.