



MEMORANDUM

DATE: April 23, 2018

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Branch Chief, David A. McNeil

FROM: Acting Director of External Financial Audits, Abdoulaye Gueye /s/

SUBJECT: Title 2 CFR Part 200 Audit of Africare for the Fiscal Year Ended June 30, 2016 (3-000-18-018-T)

This memorandum transmits the final audit report on Africare for the fiscal year Ended June 30, 2016. The audit report was obtained from the Federal Audit Clearinghouse. Gelman, Rosenberg & Freedman performed the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 audit.

Gelman, Rosenberg & Freedman states 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 Africare's financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to; (1) express an opinion on whether the financial statements as of June 30, 2016 were presented fairly in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" is fairly stated in all material respects; (3) describe the scope of testing of internal control and compliance and the results of that testing and not to provide an opinion on its effectiveness; and (4) determine whether Africare complied in all material respects with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. The schedule of expenditures of federal awards disclosed that Africare's audited expenditures were \$16,008,259 and the U.S. Agency for International Development's (USAID) audited expenditures were \$13,362,098 for the fiscal year ended June 30, 2016.

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.

Gelman, Rosenberg & Freedman expressed unmodified opinions based on their work, on the financial statements and the schedule of expenditures of federal awards. Gelman, Rosenberg & Freedman expressed a modified opinion based on their work, on the report on compliance for each major federal program. The audit report disclosed seven findings. Findings 2016-001 and 2016-002 are material weaknesses and findings 2016-003 and 2016-004 are significant deficiencies in the report on internal control over financial reporting. Findings 2016-001 and 2016-002 are material weaknesses and findings 2016-003 through 2016-007 are significant deficiencies in the report on internal control over compliance for each major federal program. Findings 2016-001 through 2016-004 are instances of noncompliance in the report on compliance and other matters. Findings 2016-001 and 2016-002 are material noncompliances and findings 2016-003 through 2016-007 are instances of noncompliance in the report on compliance for each major federal program. Gelman, Rosenberg & Freedman did not question any costs.

To address the issues identified in the report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division:

Recommendation 1.

Verify that Africare corrects the two material weaknesses findings 2016-001 and 2016-002 and two significant deficiencies findings 2016-003 and 2016-004 in the report on internal control over financial reporting and corrects the two material weakness findings 2016-001 and 2016-002 and five significant deficiencies findings 2016-003 through 2016-007 in the report on internal control over compliance detailed on pages II-1 through III-3 of the report.

Recommendation 2.

Verify that Africare corrects the four instances of noncompliance findings 2016-001 through 2016-004 in the report on compliance and other matters and corrects the two material noncompliances findings 2016-001 and 2016-002 and five instances of noncompliance findings 2016-003 through 2016-007 in the report on compliance for each major federal program detailed on pages II-2 through III-2 of the 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").

If you have any questions related to this report, please contact Steve Shea, assistant director, as (202) 712-1386 or sshea@usaid.gov

Attachment: As stated

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