



MEMORANDUM

DATE: August 2, 2018

TO: USAID/Zimbabwe, Mission Director, Stephanie Funk

FROM: Regional Inspector General/Pretoria, Robert Mason /s/

SUBJECT: Audit of USAID Resources Managed by Hospice and Palliative Care Association of Zimbabwe Under Agreement AID-613-A-15-00001, October 1, 2016, to September 30, 2017 (Report No. 4-613-18-094-R)

This memorandum transmits the final audit report on USAID Resources Managed by Hospice and Palliative Care Association of Zimbabwe (HOSPAZ). HOSPAZ contracted with the independent certified public accounting firm Deloitte & Touché, Harare, Zimbabwe to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that the audit firm did not have continuing education and external quality review programs that fully satisfied the requirements set forth in Chapter 3 of the U.S. 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 HOSPAZ's fund accountability statement; 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 fund accountability statement 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.

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.

To answer the audit objectives, Deloitte & Touché Zimbabwe (1) audited the fund accountability statement 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 for the year ended September 30, 2017; (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 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) determined that there were no prior period recommendations that required follow up. HOSPAZ reported expenditures of \$1,904,804 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. In addition, the audit firm identified \$33,070 in ineligible questioned costs and three significant deficiencies in internal control.

We also identified \$38,623 in unsupported questioned costs relating to expenditures being claimed for some beneficiaries without proper support documents as per finding 3.4.3. We confirmed this amount with the audit firm. Consequently we will recommend the mission follow-up with total identified questioned costs of \$71,693 (\$33,070 + \$38,623).

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller, dated August 2, 2018.

To address the issues identified in the report, we recommend that USAID/Zimbabwe.

Recommendation 1. Determine the allowability of \$71,693 in questioned costs (\$33,070 ineligible and \$38,623 unsupported) detailed on pages 8 and 12 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Hospice and Palliative Care Association of Zimbabwe corrects the three significant deficiencies in internal control detailed on pages 7 and 8 of the audit 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”).