



MEMORANDUM

DATE: March 12, 2019

TO: USAID/M/OAA/CAS/CAM, Branch Chief, David McNeil,

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

SUBJECT: Closeout Financial Audit of USAID Resources Managed by Specialised Rescue South Africa NPC Under Grant Agreement AID-OFDA-G-00135, March 11, 2016, to December 31, 2017 (Report No. 4-000-19-051-R)

This memorandum transmits the final audit report on USAID resources managed by Specialised Rescue South Africa NPC (Rescue SA). Rescue SA contracted with the independent certified public accounting firm Deloitte and Touché, Johannesburg, South Africa to conduct the audit. The audit firm stated that 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 (GAGAS) except that the audit firm did not have continuing education and external peer review programs that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Rescue SA'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 Rescue SA's internal controls; (3) determine whether Rescue SA complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of 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 and Touché (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 Rescue SA as incurred from March 11, 2016, to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Rescue SA'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) reviewed the implementation status of prior period recommendations. Rescue SA reported expenditures of \$831,358 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 reported no material weaknesses and significant deficiencies in internal control and no instances of material noncompliance.

Therefore, we make no recommendations to USAID/M/OAA/CAS/CAM.

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”).