



## MEMORANDUM

**DATE:** May 23, 2019

**TO:** USAID/Zambia, Mission Director, Patrick Diskin

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

**SUBJECT:** Financial Closeout Audit of USAID Resources Managed by Zambia Centre for Communication Programmes Under Multiple Agreements, January 1, 2017, to April 30, 2018 (Report No. 4-611-19-084-R)

This memorandum transmits the final audit report on USAID resources managed by Zambia Centre for Communication Programmes (ZCCP) under 1) Stamping Out and Preventing Gender Based Violence (STOP GBV), agreement AID-611-A-13-00003 for the period January 1, 2017, to April 30, 2018; and 2) Zambia Community HIV Prevention Project (Z-CHPP), subaward 260-007202 under PACT Zambia for the period February 1, 2017, to December 31, 2017.

ZCCP contracted with the independent certified public accounting firm PricewaterhouseCoopers (PwC), Lusaka, Zambia to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit firm states that it performed its audit in accordance with GAGAS, except that the audit firm did not have continuing professional education and external quality control 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 ZCCP's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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<sup>1</sup> 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.

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 ZCCP's internal controls; (3) determine whether ZCCP 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.

To answer the audit objectives, PwC (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 ZCCP as incurred from January 1, 2017, to April 30, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to ZCCP'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. ZCCP reported expenditures of \$4,118,689 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. The audit firm did not identify any material weaknesses in internal control and no instances of material noncompliance. The audit firm noted that the closeout balance to be returned to USAID was \$9,380. The audit firm also issued a management letter where it notified management of two deficiencies in internal control. We suggest that USAID/Zambia determine if the recipient addressed the issues noted. Accordingly we are not making any recommendations.

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").