



MEMORANDUM

DATE: May 15, 2019

TO: USAID/Mozambique, Mission Director, Jennifer Adams

FROM: USAID OIG Africa Regional Office, Assistant Director, Louis Duncan, Jr. /s/

SUBJECT: Financial Audit of USAID Resources Managed by N'weti Comunicacao Para Saude Mozambique Under Multiple Awards, January 1 to December 31, 2017 (Report No. 4-656-19-071-R)

This memorandum transmits the final audit report on USAID resources management by N'weti Comunicacao Para Saude (N'weti) under the following agreements:

Award Name (Type)	Award Number	Period	Prime implementer
Tua Cena – Sexual and reproductive Health (cooperative agreement) - closeout.	AID-656-A-13-00005	Jan. 1,-Dec. 31, 2017	
COVIDA Consortion-support for orphans and vulnerable children (subagreement)	AID-A-16-16-000010	Jan. 1,-Dec. 31, 2017	FHI 360
Increased Family Planning and productive health(IFPP) (subagreement)	AID-656-A-16-00005-01	Jan. 1,-Dec. 31, 2017	Pathfinder
Hlayisa-Community Based HIV Services (cooperative agreement)	AID-656-A-17-00003	Jan. 1,-Dec. 31, 2017	
PERFAR Supporting Sustainable Implementation of HIV and TB Services for Epidemic Control (subagreement) - closeout	Subagreement No. GH16-1634 ICAP	Jan. 1,-Dec. 31, 2017	Columbia University

N'weti contracted with the independent certified public accounting firm Ernst & Young Limitada (EY), Maputo, Mozambique 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 and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

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 professional education and external peer review programs. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on N'weti's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

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 N'weti's internal controls; (3) determine whether N'weti complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, EY (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 N'weti as incurred from January 1 to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to N'weti'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; and (4) reviewed the implementation status of the prior period recommendations. N'weti reported expenditures of \$5,638,294 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 deficiencies in internal control and no instances of material noncompliance.

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. "This contracted audit, however, was initiated before that date and follows the Guidelines".

² 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.

During our desk review, we noted several issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated May 15, 2019.

Accordingly, we make no recommendations.

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”).