



MEMORANDUM

DATE: May 22, 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 Jembi Health Systems NPC in Multiple Countries Under Multiple Agreements, March 1, 2017, to March 31, 2018 (Report No. 4-656-19-080-R)

This memorandum transmits the financial and closeout audit report on USAID Resources Managed by Jembi Health Systems NPC under the following awards:

Award Name (Type)	Award Number	Period audited	Prime implementer
USAID Mozambique Grant Strategic Information activity - closeout	AID-656-A-13-00007	Mar. 1, 2017 – Mar. 31, 2018	
Rwanda Health Systems Strengthening Activity (subaward)		Mar. 1, 2017 – Feb. 28, 2018	Management Science for Health, AID-696-A-15-00001
Regional Action Through Data Program in Sub-Saharan Africa (subaward)		Mar. 1, 2017 – Feb. 28, 2018	BroadReach Health Care, AID-OAA-A-16-00073

Jembi Health Systems NPC contracted with the independent certified public accounting firm KPMG, Cape Town, 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 (GAGAS).

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 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 Jembi Health Systems NPC's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

¹ We reviewed this 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 the Jembi Health Systems NPC's internal controls; (3) determine whether Jembi Health Systems NPC 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.

To answer the audit objectives, KPMG (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 Jembi Health Systems NPC as incurred from March 1, 2017, to March 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Jembi Health Systems NPC'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 the review of the implementation status of the prior period recommendations was not applicable. Jembi Health Systems NPC reported expenditures of \$1,124,360 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. No significant deficiencies or material weaknesses in internal control were identified, and no instances of material noncompliance were reported. Accordingly, we are not making any recommendations.

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 memo to the controller, dated May 22, 2019.

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").