



MEMORANDUM

DATE: July 23, 2019

TO: USAID/Southern Africa, Mission Director, John Groarke

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

SUBJECT: Financial Audit of USAID Resources Managed by Anova Health Institute in Multiple Countries Under Multiple Agreements, October 1, 2017, to September 30, 2018 (Report No. 4-674-19-109-R)

This memorandum transmits the final audit report on USAID resources managed by Anova Health Institute under the following agreements:

| Award Name (Type) | Award Number | Audited Period | Prime implementer |
|--------------------------------------------------------------------------------------------------------------|--------------------|------------------------------|----------------------|
| Systems Strengthening for Better HIV/TB Patient Outcomes (cooperative agreement)- South Africa | AID-674-A-12-00015 | Oct. 1, 2017-Sept. 30, 2018 | |
| HIV Innovations for Improved Patient Outcomes for Priority Populations (cooperative agreement)- South Africa | AID-674-A-12-00028 | Oct. 1, 2017-Sept. 30, 2018 | |
| Accelerating Program Achievements to Control the Epidemic (APACE) (cooperative agreement) – South Africa | 72067418CA00023 | Aug. 8, 2018-Sept. 30, 2018 | |
| Antiretroviral Therapy Simplification Optimization Programs and Services (ART-OPS) (sub agreement) | AID-OAA-A-15-00070 | Oct. 1, 2017-Sept. 30, 2018 | Right to Care |
| Pre-exposure Prophylaxis (PrEP) and Key Population Support – Equip Haiti (subagreement) closeout | | April 1, 2018-Sept. 30, 2018 | MATCH Health Systems |

Anova Health Institute contracted with the independent certified public accounting firm PricewaterhouseCoopers (PwC), Johannesburg, South Africa 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 Anova Health Institute'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 Anova Health Institute's internal controls; (3) determine whether Anova Health Institute 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, 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 Anova Health Institute as incurred from October 1, 2017 to September 30, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Anova Health Institute'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 the prior period recommendations. Anova Health Institute reported expenditures of \$15,394,090 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 report any material weaknesses in internal control and any instances of material noncompliance.

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).

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.