



MEMORANDUM

DATE: August 1, 2019

TO: USAID/Tanzania, Mission Director, Andrew Karas

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

SUBJECT: Financial Audit of USAID Resources Managed by National Council for People Living with HIV and AIDS in Tanzania Under Award AID-621-G-14-00003, for the Year Ended June 30, 2018 (Report No. 4-621-19-117-R)

This memorandum transmits the final audit report on of USAID resources managed by the National Council for People Living with HIV and AIDS (NACOPHA) for the Citizens Engaging in Government Oversight in Health- Sauti Yetu Program. NACOPHA contracted with the independent certified public accounting firm RSM Eastern Africa, Dar es Salaam, Tanzania 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 NACOPHA's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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.

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 NACOPHA's internal controls; (3) determine whether NACOPHA complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) reviewed the implementation status of prior period recommendations.

To answer the audit objectives, RSM (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 NACOPHA as incurred for the year ended June 30, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to NACOPHA'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. NACOPHA reported expenditures of \$1,768,780 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 questioned costs and no material weakness in internal control were reported. The audit firm reported one instance of material noncompliance, and identified one internal control significant deficiency. The audit firm issued a management letter. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Tanzania determine if the recipient addressed the issues noted.

To address the issue identified in the audit report, we recommend that USAID/Tanzania:

Recommendation I. Verify that the National Council for People Living with HIV and AIDS corrects the one material instance of noncompliance detailed on page 15 of the audit report.

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”).