



MEMORANDUM

DATE: October 23, 2019

TO: USAID/Mozambique, Mission Director, Jennifer Adams

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Closeout Financial Audit of USAID Resources Managed by OPHAVELA Socio Economic Development Association in Mozambique Under Cooperative Agreement AID-656-A-16-00011, January 1 to December 31, 2018 (Report No. 4-656-20-003-R)

This memorandum transmits the final audit report on USAID resources managed by Ophavela Socio Economic Development Association. Ophavela contracted with the independent certified public accounting firm BDO, Maputo, Mozambique, to conduct the audit. The audit firm stated that it performed its audit in accordance with GAGAS, except that the audit firm did not have a continuing education and an external quality control review program 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 Ophavela'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 Ophavela's internal controls; (3) determine whether Ophavela 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, BDO (1) audited the fund accountability statement for the

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.

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 Ophavela as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Ophavela'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 a fixed indirect costs was applicable; and (5) reviewed the implementation status of prior period recommendations. Ophavela reported expenditures of \$959,235 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 firm did not identify any questioned costs or material weaknesses in internal control, nor did it identify any instances of material noncompliance. The audit firm also issued a management letter.

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 October 23, 2019.

Accordingly, we make no 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").