



## MEMORANDUM

**DATE:** February 13, 2020

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

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Hospice Palliative Care Association of South Africa NPC Under Multiple Awards, April 1, 2018, to March 31, 2019 (Report No. 4-674-20-040-R)

This memorandum transmits the final audit report on USAID resources managed by Hospice Palliative Care Association (HPCA) of South Africa NPC under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime implementer
Care and Support to Improve Patient Outcomes (CaSIPO) (cooperative agreement) - closeout	AID-674-A-13-00016	April 1, 2018 - March 31, 2019	
Accelerating Program Achievements to Control the Epidemic (APACE) (subaward)	72067418CA00024	Oct. 1, 2018 - March 31, 2019	BroadReach Healthcare
Accelerating Program Achievements to Control the Epidemic (APACE) (subaward)	72067418CA00029	Oct. 1, 2018 - March 31, 2019	Right to Care
Tuberculosis South Africa Project (TBSAP) (subaward) - closeout	AID-674-TO-16-00002	April 1, 2018 – July 31, 2018	University Research Co., LLC (URC)

HPCA contracted with the independent certified public accounting firm PricewaterhouseCoopers (PwC), Stellenbosch, South Africa, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (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 HPCA's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

<sup>1</sup> 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 HPCA's internal controls; (3) determine whether HPCA complied with award terms and applicable laws and regulations; and (4) review the implementation status of 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 HPCA as incurred from April 1, 2018, to March 31, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to HPCA'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. HPCA reported expenditures of \$5,866,163 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. The audit firm identified \$37,590 in total ineligible questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. The audit firm 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 February 13, 2020.

To address the issue identified in the report, we recommend that USAID/Southern Africa

**Recommendation 1.** Determine the allowability of \$37,590 in ineligible questioned costs on pages 15 and 20 of the audit report and recover any amount that is unallowable.

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").