



## MEMORANDUM

**DATE:** April 22, 2020

**TO:** USAID/M/OAA/CAS/CAM, Acting Branch Chief, Eleanor Jefferson

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Nonviolent Peaceforce in South Sudan Under Multiple Agreements, January 1 to December 31, 2018 (Report No. 4-000-20-061-R)

This memorandum transmits the final audit report on USAID resources managed by Nonviolent Peaceforce (NP) under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Audit Period</b>
Reducing Violence and Increasing the Safety and Security of Civilians in Greater Upper Nile, South Sudan (grant, closeout)	AID-OFDA-G-17-00137	Jan. 1 - Sep. 10, 2018
Reducing Violence and Increasing the Safety and Security of Civilians in Greater Upper Nile, South Sudan (grant)	72OFDA18GR00118	Sep. 11 - Dec. 31, 2018

NP contracted with the independent certified public accounting firm Sam Bisase & Co., Kampala, Uganda, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NP's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 NP's internal controls; (3) determine whether NP complied with award terms and applicable laws and regulations (4) review the indirect cost rate, or determined that the review of the indirect

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<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.

cost rate was not applicable; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, Sam Bisase & Co. (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 NP 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 NP'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. NP reported expenditures of \$2,281,066 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 identify any questioned costs; one material weakness in internal control; and no instances of material noncompliance.

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 April 22, 2020.

To address the issues identified in the report, we recommend that USAID/M/OAA/CAS/CAM:

**Recommendation I.** Verify that Nonviolent Peaceforce corrects the one material weakness in internal control detailed on page 21 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").