



## MEMORANDUM

**DATE:** July 7, 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 Right to Care NPC in Multiple Countries Under Multiple Awards, October 1, 2018, to September 30, 2019 (Report No. 4-674-20-088-R)

This memorandum transmits the final audit report on USAID resources managed by Right to Care NPC (RtC) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Health Systems Strengthening for Better HIV/TB Patient Outcomes (HSS) (cooperative agreement) - closeout.	AID-674-A-12-00020	Oct. 1 - Dec. 31, 2018	RtC
EQUIP in South Africa, Lesotho, Malawi, Zambia, Ghana, Haiti, Mozambique, Myanmar and Ukraine (cooperative agreement).	AID-OAA-A-15-00070	Oct. 1, 2018 – Sep. 30, 2019	RtC
Accelerating Program Achievements to Control the Epidemic (APACE) Activity in South Africa (cooperative agreement).	72067418CA00029	Oct. 1, 2018 – Sep. 30, 2019	RtC
Accelerating Program Achievements to Control the Epidemic (APACE) Activity in South Africa (subagreement).	72067418CA00023	Nov. 20, 2018 – Sep. 30, 2019	Anova
Data for Implementation (Data FI) (subagreement).	7200AA19CA00004	Sep. 30 – Sep. 30, 2019	Palladium
Meeting Targets and Maintaining Epidemic Control (EpiC) (subagreement).	7200AA19CA00002	May 1 – Sep. 30, 2019	FHI360

RtC contracted with the independent certified public accounting firm PricewaterhouseCoopers Inc. (PwC), Johannesburg, South Africa, 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 RtC'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 RtC's internal controls; (3) determine whether RtC 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 RtC as incurred from October 1, 2018, to September 30, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to RtC'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) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. RtC reported expenditures of \$63,612,055 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; no material weaknesses in internal control; and no instances of material noncompliance. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Southern Africa determine if the recipient addressed the issues noted. 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 July 7, 2020.

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").

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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.