



## MEMORANDUM

**DATE:** November 24, 2020

**TO:** USAID/Tanzania, Mission Director, Andrew Karas

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

**SUBJECT:** Financial Closeout Audit of USAID Resources Managed by National Council for People Living With HIV and AIDS in Tanzania Under Grant AID-621-G-14-00003, July 1, 2018, to December 9, 2019 (Report No. 4-621-21-016-R)

This memorandum transmits the final audit report on USAID resources managed by National Council for People Living with HIV and AIDS (NACOPHA). NACOPHA contracted with the independent certified public accounting firm RSM Eastern Africa, Dar es Salaam, Tanzania, 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 NACOPHA'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 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) review the implementation status of the 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 from July 1, 2018, to December 9, 2019; (2) evaluated the control environment, the

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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.

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 the prior period recommendations. NACOPHA reported expenditures of \$2,853,764 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, except for \$37,081 in ineligible questioned costs. The audit firm also identified \$1,002 in unremitted interest as ineligible questioned costs; no material weaknesses in internal control; and three instances of material noncompliance. Since this is a closeout audit, we are not making formal procedural recommendations for the three material noncompliance instances as there are no ongoing agreements with the recipient. We will only include a formal recommendation for the total ineligible question costs of \$38,083. The audit firm also issued a management letter.

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

**Recommendation 1.** Determine the allowability of \$38,038 in ineligible questioned costs on pages 8 to 11 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.

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").