



## MEMORANDUM

**DATE:** September 2, 2021

**TO:** USAID/Tanzania, Mission Director, Kate Somvongsiri

**FROM:** USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by T-MARC Tanzania Under Multiple Awards, January 1 to December 31, 2020 (Report No. 4-621-21-090-R)

This memorandum transmits the final audit report on USAID resources managed by T-MARC Tanzania under the following awards: 1) cooperative agreement AID-621-A-17-00001, USAID Social Enterprise Support Activity (USES) program; and 2) subaward under FHI360 agreement number AID-621-A-17-00002, USAID Tulongwe AFYA project (UTA). T-MARC Tanzania contracted with the independent certified public accounting firm Deloitte & Touche, 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 T-MARC Tanzania'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 T-MARC Tanzania's internal controls; (3) determine whether T-MARC Tanzania 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, Deloitte & Touche (1) audited the fund accountability

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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.

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 T-MARC Tanzania as incurred from January 1 to December 31, 2020; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to T-MARC Tanzania'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. T-MARC Tanzania reported expenditures of \$9,361,833<sup>2</sup> 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 cumulative amounts relating to prior periods. The audit firm identified \$8,642 in ineligible questioned costs; no material weaknesses in internal control; and six instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation for the questioned costs. Nevertheless, we suggest that USAID/Tanzania determine the allowability of the \$8,642 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Tanzania determine if the recipient addressed the one issue noted.

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 September 2, 2021.

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

**Recommendation 1.** Verify that T-MARC Tanzania corrects the six instances of material noncompliance detailed on pages 39 to 46 of the audit report.

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").

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<sup>2</sup> Total costs USESA \$4,699,937 + total costs UTA \$4,661,896 = \$9,361,833