



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: November 8, 2021

TO: USAID/Zambia, Mission Director, Sheryl Stumbras

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

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Development Aid From People to People in Zambia Under Multiple Awards, January 1 to November 19, 2020 (Report No. 4-611-22-002-N)

This memorandum transmits the final audit report on USAID resources managed by Development Aid from People to People (DAPP) under the following awards: 1) cooperative agreement AID-611-A-16-00002, Zambia Family Activity (ZAMFAM); and 2) subaward AID-611-1-15-0001-DAPP20APR, Sexual and Reproductive Health for All Initiative (SARAI), under Society for Family Health (SFH). USAID/Zambia contracted with the independent certified public accounting firm PricewaterhouseCoopers (pwc), Lusaka, Zambia, to conduct the audit. The audit firm stated that it performed its audit in accordance 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 DAPP's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 the DAPP's internal controls; (3) determine whether DAPP 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 DAPP as incurred from January 1 to November 19, 2020; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to DAPP's ability to report financial

¹ 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.

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. DAPP reported expenditures of \$2,305,836 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 \$10,390 in total unsupported questioned costs. The audit firm also identified two material weaknesses in internal control and three instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, including the related material weaknesses and noncompliance findings, we are not making a recommendation. Nevertheless, we suggest that USAID/Zambia determine the allowability of the \$10,303 in questioned costs and recover any amount determined to be unallowable. The remaining \$87 in questioned costs pertain to the SFH subaward. In addition, although we are not making a recommendation for material weaknesses and noncompliance findings noted in the report, because they relate to the questioned costs of the SFH subaward, we suggest that USAID/Zambia determine, as necessary, if the recipient addressed the issues noted. The audit firm issued a management letter.

Accordingly, we are not making any recommendations.

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").