



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 19, 2021

TO: USAID/Mozambique, Mission Director, Helen Pataki

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

SUBJECT: Financial Audit of USAID Resources Managed by Ajuda de Desenvolvimento de Povo para Povo in Mozambique Under Multiple Awards, January 1 to December 31, 2020 (Report No. 4-656-22-018-R)

This memorandum transmits the final audit report on USAID resources managed by Ajuda de Desenvolvimento de Povo para Povo (ADPP) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Primary School Retention and Completion, and Transition to Secondary School for Vulnerable Girls-(Nikhalamo) (cooperative agreement) - closeout	AID-656-A-14-00008	Jan. 1 – Mar. 30, 2020	
Transform Nutrition (cooperative agreement)	72065619CA000006	Jan. 1 – Dec. 31, 2020	
Mozambique Local Tuberculosis Response (cooperative agreement)	72065619CA000008	Jan. 1 – Dec. 31, 2020	
Community Engagement for Bilingual Education (Nampula) (cooperative agreement)	72065620CA000008	Jul. 14 – Dec. 31, 2020	
Integrated HIV Prevention and Health Services for Key and Priority Populations (PASSOS) – (subaward)	I 02296.001.0005	Jan. 1 – Dec. 31, 2020	Family Health International (FHI360)
FHI COVida" Junto Pelas Crianças (subaward)	I113.0148	Nov. 19 – Dec. 31, 2020	FHI360
Teachers Graduate Network for Community Resilience (subaward)	PEM018	Mar. 8 – Dec. 31, 2020	DAI Global, LLC

ADPP contracted with the independent certified public accounting firm KPMG, Maputo, Mozambique, 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 ADPP'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 ADPP's internal controls; and (3) determine whether ADPP complied with award terms and applicable laws and regulations; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations.

To answer the audit objectives, KPMG (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 ADPP 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 ADPP'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. ADPP reported expenditures of \$7,912,951 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 identified no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance.

Accordingly, we are not making any recommendations.

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 November 19, 2021.

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").

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.