



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

### MEMORANDUM

**DATE:** February 10, 2022

**TO:** USAID/Southern Africa, Regional Mission Director, Andrew Karas

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

**SUBJECT:** Financial Closeout Audit of USAID Resources Managed by Southern African HIV Clinicians' Society in South Africa Under Cooperative Agreement 72067419CA00008, March 1, 2020, to March 31, 2021 (Report No. 4-674-22-036-R)

This memorandum transmits the final audit report on USAID resources managed by Southern African HIV Clinicians' Society (SAHCS), under the Expanding ART/PrEP Innovation Consortium Activity (EPIC) program. SAHCS contracted with the independent certified public accounting firm Douglas & Velcich, 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 SAHCS's Schedule of expenditure of USAID awards; 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 Schedule of Expenditure of USAID Awards for the period audited, was presented fairly, in all material respects; (2) evaluate the SAHCS's internal controls; (3) determine whether SAHCS complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, Douglas & Velcich (1) audited the Schedule of Expenditure of USAID Awards 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 SAHCS as incurred from March 1, 2020, to March 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to SAHCS's ability to report financial data consistent with the assertions embodied in each

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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.

account of the Schedule of expenditure of USAID awards; (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 Schedule of expenditure of USAID awards; and (4) reviewed the implementation status of the prior period recommendations. SAHCS reported expenditures of \$1,550,884 in USAID funds during the audited period.

The audit firm concluded the Schedule of expenditure of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period. The audit firm identified no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. The audit firm issued a management letter.

Accordingly, we are not making any recommendations.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the controller, dated February 10, 2022.

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").