



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

MEMORANDUM

DATE: February 15, 2022

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

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

SUBJECT: Financial Audit of USAID Resources Managed by Sustainable Agricultural Technology in Multiple Countries Under Cooperative Agreement AID-674-A-17-00007, August 1, 2020, to July 31, 2021 (Report No. 4-674-22-037-R)

This memorandum transmits the final audit report on USAID resources managed by Sustainable Agricultural Technology (SAT) under the Combatting Wildlife Crime in Southern Africa: Supporting Communities and Law Enforcement Against Poaching (CWC SCALE-AP) project. SAT contracted with the independent certified public accounting firm Ralph Bomment, Greenacre & Reynolds, Bulawayo, Zimbabwe, 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 SAT's schedule of expenditures of USAID award; 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 schedule of expenditures of USAID award for the period audited, was presented fairly, in all material respects; (2) evaluate the SAT's internal controls; (3) determine whether SAT 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, Ralph Bomment, Greenacre & Reynolds (1) audited the schedule of expenditures 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 SAT as incurred from August 1, 2020, to July 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to SAT's ability to report financial data consistent with the assertions embodied in each account of

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.

the schedule of expenditures of USAID award; (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 expenditures of USAID award; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. SAT reported expenditures of \$791,553² in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID award presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$2,991 in ineligible questioned costs. The audit identified no material weaknesses in internal control and one instance 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 and the associated noncompliance finding. Nevertheless, we suggest that USAID/Southern Africa determine the allowability of the \$2,991 in questioned costs and recover any amount determined to be unallowable.

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 February 15, 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").

² Total cost as per the schedule of expenditures of USAID funding \$1,273,211, excluding the matching contribution costs \$481,658, equals \$791,553.