



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** March 1, 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 Networking HIV & AIDS Community of Southern Africa NPC Under Multiple Awards, April 1, 2020, to March 31, 2021 (Report No. 4-674-22-042-R)

This memorandum transmits the final audit report on USAID resources managed by Networking HIV & AIDS Community of Southern Africa NPC (NACOSA) under the following agreements:

Award Name (Type)	Award Number	Period Audited	Prime Implementer
Community-Based Violence Prevention and Linkages to Response in South Africa (cooperative agreement)	72067419CA00005	Apr. 1, 2020 - Mar. 31, 2021	
Preventing HIV/AIDS in Vulnerable Populations Focusing on Orphans and Vulnerable Children in the Western Cape Province (cooperative agreement)	72067418CA00020	Apr. 1, 2020 - Mar. 31, 2021	
Service Delivery and Support for OVC Families Project (ReACH) in the Eastern Cape and KwaZulu-Natal (2 sub agreements) closeout	AID-674-A-14-00009	Apr. 1 - Dec. 31, 2020	FHI 360
Preventing HIV/AIDS in Vulnerable Populations Focusing on Orphans and Vulnerable Children, Community Systems Strengthening (cooperative agreement - closeout in prior period)	AID-674-A-13-00005	Apr. 1 - Dec. 31, 2018	

NACOSA contracted with the independent certified public accounting Nexia SAB&T, Cape Town, 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 NACOSA's schedule of

expenditures of USAID awards (SEFA); 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 SEFA for the period audited, was presented fairly, in all material respects; (2) evaluate the NACOSA's internal controls; (3) determine whether NACOSA 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, Nexia SAB&T (1) audited the SEFA 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 NACOSA as incurred from April 1, 2020, to March 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to NACOSA's ability to report financial data consistent with the assertions embodied in each account of the SEFA; (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 SEFA; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. NACOSA reported expenditures of \$6,251,151 in USAID funds during the audited period.

The audit firm concluded the SEFA 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. 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").

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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.