



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

### MEMORANDUM

**DATE:** October 24, 2022

**TO:** USAID/Tanzania, Mission Director, Kate Somvongsiri

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Christian Social Services Commission in Tanzania Under Cooperative Agreement 72062120CA00008, September 30, 2020, to December 31, 2021 (Report No. 4-621-23-006-R)

This memorandum transmits the final audit report on USAID resources managed by Christian Social Services Commission (CSSC) for the Pamoja Tuwekeze Afya (PATA) Program. CSSC contracted with the independent audit firm HLB, Dar es Salaam, Tanzania to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CSSC's schedule of expenditures 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 expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate CSSC's internal controls; (3) determine whether CSSC 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, HLB (1) audited the schedule of expenditures of USAID awards 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 CSSC as incurred from September 30, 2020, to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to CSSC's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures 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

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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.

effect on the schedule of expenditures of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. CSSC reported expenditures of \$1,895,316 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified \$31,143 in ineligible questioned costs; six material weaknesses in internal control; and eleven instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Tanzania determine if the recipient addressed the issues noted.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated October 24, 2022.

To address the issues identified in the report, we recommend that USAID/Tanzania:

**Recommendation 1.** Determine the allowability of \$31,143 in ineligible questioned costs on pages 10 and 16 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Christian Social Services Commission corrects the six material weaknesses in internal control detailed on pages 20 to 28 of the audit report.

**Recommendation 3.** Verify that Christian Social Services Commission corrects the eleven instances of material noncompliance detailed on pages 35 to 52 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").