



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 3, 2023

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 Deloitte Consulting Limited in Tanzania Under Multiple Awards, November 9, 2021, to May 31, 2022 (Report No. 4-621-23-070-R)

This memorandum transmits the final audit report on USAID resources managed by Deloitte Consulting Limited (DCL) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
USAID Afya Yangu Southern Program (contract)	72062122C00002	Nov. 9, 2021 – May 31, 2022	
USAID Kizazi Hodari Southern Program (cooperative agreement)	72062122CA00001	Mar. 24, 2022 – May 31, 2022	

DCL contracted with the independent audit firm KPMG, 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 and 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 DCL's schedule of expenditures of USAID awards; 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 awards for the period audited, was presented fairly, in all material respects; (2) evaluate DCL's internal controls; (3) determine whether DCL complied with award terms and applicable laws and regulations; (4) review the indirect cost rate, or determine that the review of the indirect cost rate was not applicable; and (5) review the implementation status of the prior period recommendations.

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.

To answer the audit objectives, KPMG (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 DCL as incurred from November 9, 2021, to May 31, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to DCL'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 effect on the schedule of expenditures of USAID awards; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. DCL reported expenditures of \$4,880,616 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 \$291,627 in total unsupported questioned costs; no material weaknesses in internal control; and one instance of material noncompliance.

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 May 3, 2023.

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

Recommendation 1. Determine the allowability of \$291,627 in unsupported questioned costs detailed on pages 29, and 45 to 46 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Deloitte Consulting Limited corrects the one instance of material noncompliance detailed on pages 45 to 46 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").