



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

### MEMORANDUM

**DATE:** May 9, 2023

**TO:** USAID/Southern Africa, Mission Director, Leslie Marbury

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

**SUBJECT:** Financial Closeout Audit of USAID Resources Managed by Sustainable Agricultural Technologies in Multiple Countries Under Cooperative Agreement AID-674-A-17-00007, August 1, 2021, to July 18, 2022 (Report No. 4-674-23-075-R)

This memorandum transmits the final audit report on USAID resources managed by Sustainable Agricultural Technologies (SAT), under Project Combating Wildlife Crime in Southern Africa: Supporting Communities and Law Enforcement Against Poaching (CWC SCALE -AP). SAT contracted with the independent audit firm Ralph Bomment, Greenacre and Reynolds, Bulawayo, Zimbabwe 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 its requirements. We do not express an opinion on SAT'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 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 and Reynolds (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 SAT as incurred from August 1, 2021, to July 18, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that

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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.

pertain to SAT '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) 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 \$772,523 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 requirements, except for \$10,179 ineligible questioned costs. The audit firm 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, and the one material noncompliance was resolved prior to the date of the auditors' report, we are not making recommendations on these matters. Nevertheless, we suggest that USAID/Southern Africa determine the allowability of the \$10,179 in questioned costs and recover any amount determined to be unallowable. The audit firm issued a management letter.

Accordingly, we are not making any recommendations.

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 9, 2023.

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").