



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

MEMORANDUM

DATE: June 28, 2024

TO: USAID/Southern Africa, Acting Regional Mission Director, Richard Burns

FROM: USAID OIG Africa Regional Office, Assistant Audit Director, John Slattery /s/

SUBJECT: Financial Audit of USAID Resources Managed by Baylor College of Medicine Children's Foundation Lesotho Under Cooperative Agreement 72067419CA00016, July 1, 2022, to June 30, 2023 (Report No. 4-674-24-099-R)

This memorandum transmits the final audit report on USAID resources managed by Baylor College of Medicine Children's Foundation Lesotho (BCMCFCL) under Karabo ea Bophelo Project. BCMCFCL contracted with the independent audit firm SustainAbility Solutions PC (SSPC), Michigan, USA to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on BCMCFCL'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 BCMCFCL's internal controls; (3) determine whether BCMCFCL 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, SSPC (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 BCMCFCL as incurred from July 1, 2022, to June 30, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to BCMCFCL'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) that the review of the indirect

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.

cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. The recipient reported expenditures of \$10,506,925 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 no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. Although we are not making a recommendation for significant deficiency noted in the management letter, we suggest that USAID/Southern Africa determine if the recipient addressed the issue noted. 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.