



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 22, 2024

TO: USAID/Zimbabwe, Mission Director, Janean Davis

FROM: USAID OIG Africa Regional Office, Audit Director, Ryan Werner /s/

SUBJECT: Financial Audit of USAID Resources Managed by Hospice and Palliative Care Association of Zimbabwe Under Multiple Awards, October 1, 2022, to September 30, 2023 (Report No. 4-613-25-007-R)

This memorandum transmits the final audit report on USAID resources managed by Hospice and Palliative Care Association of Zimbabwe (HOSPAZ) under the following awards: 1) Bvumbamira Vana (BV), cooperative agreement 72061322CA00012; and 2) KUNDA Nqobi TB project under Union Zimbabwe Trust award number 72061319R00009. HOSPAZ contracted with the independent audit firm Grant Thornton, Harare, Zimbabwe 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 an external peer review 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 HOSPAZ'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 HOSPAZ's internal controls; (3) determine whether HOSPAZ 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, Grant Thornton (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 HOSPAZ as incurred from October 1, 2022, to September 30, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to HOSPAZ's ability to report financial data consistent with the assertions embodied in each

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.

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. HOSPAZ reported expenditures of \$3,267,739 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 \$25,247² questioned costs (\$22,147 ineligible; \$3,100 unsupported); no material weaknesses in internal control; and two instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Zimbabwe 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 22, 2024.

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

Recommendation 1. Determine the allowability of \$19,152 in ineligible questioned costs on pages 12 and 14 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Hospice and Palliative Care Association of Zimbabwe corrects the two instances of material noncompliance detailed on pages 27 to 30 of the audit report.

Recommendation 3. Verify that Hospice and Palliative Care Association of Zimbabwe provides Union Zimbabwe Trust with a copy of the audit report for their review to determine the allowability of \$2,995 in ineligible and \$3,100 in unsupported questioned costs identified on page 14 related to the subaward and recover the amounts determined to be unallowable.

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”). 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.³

² \$19,152 questioned cost related to the prime award and \$6,095 related to the subaward under Union Zimbabwe Trust.

³ The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.