



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

MEMORANDUM

DATE: February 20, 2025

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

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

SUBJECT: Financial Audit of USAID Resources Managed by Young Heroes in Eswatini Under Cooperative Agreement 72067423CA00001, June 16, 2023, to March 31, 2024 (Report No. 4-674-25-069-R)

This memorandum transmits the final audit report on USAID resources managed by Young Heroes for the Strengthen Sustainable HIV Prevention and Impact Mitigation Services for Vulnerable Children and Youth Activity in Eswatini. Young Heroes contracted with the independent audit firm PricewaterhouseCoopers, Mbabane, Eswatini to conduct the audit. The audit firm stated that it performed its audit in accordance with International Standards on Auditing and 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 Young Heroes' 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 Young Heroes' internal controls; and (3) determine whether Young Heroes complied with award terms and applicable laws and regulations.

To answer the audit objectives, PricewaterhouseCoopers (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 Young Heroes as incurred from June 16, 2023, to March 31, 2024; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Young Heroes' ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; and (3) identified

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.

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. Young Heroes reported expenditures of \$4,211,363 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 \$112,456 total questioned costs (\$104,385 ineligible; \$8,071 unsupported); three material weaknesses in internal control; and no instances of material noncompliance. The audit firm also issued a management letter.

During our desk review, we noted one area for improvement which the audit firm should address in future audit reports. We presented this in a memo to controller, dated February 20, 2025.

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

Recommendation 1. Determine the allowability of \$112,456 in questioned costs (\$104,385 ineligible, \$8,071 unsupported) on pages 15 and 21 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Young Heroes corrects the three material weaknesses in internal control detailed on pages 24 to 27 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”). 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.