



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

MEMORANDUM

DATE: April 16, 2025

TO: USAID/Mozambique, Mission Director, Helen Pataki

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

SUBJECT: Financial Audit of USAID Resources Managed by Associação h2n-Melhorando Vidas in Mozambique Under Multiple Awards, January 1 to December 31, 2023 (Report No. 4-656-25-095-R)

This memorandum transmits the final audit report on Associação h2n-Melhorando Vidas (Associação h2n) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Community Radios Assistance for Greater Empowerment Mozambicans (CORAGEM) cooperative agreement	72065621CA00001	Jan. 1 – Dec. 31, 2023	
Transform Nutrition (ADPP – TN) subaward	72065619CA00006	Jan. 1 – Dec. 31, 2023	ADPP Mozambique
Community Engagement for Bilingual Education in Nampula (ADPP - ALER) subaward closeout	72065620CA00008	Jan. 1 – Oct. 31, 2023	ADPP Mozambique
Mozambique Local TB Response in Sofala, Tete, Nampula and Zambezia Provinces (ADPP – TB) – subaward closeout	72065619CA00008	Jan. 1 – Apr. 31, 2023	ADPP Mozambique
Supporting Greater Socio-Economic Development in Cabo Delgado (ADDP - RCD) - subaward	72065621CA00002	Jan. 1 – Dec. 31, 2023	ADPP Mozambique
Feed The Future Resilient Coastal Communities (RCC) - subaward	72065622CA00010	Jan. 1 – Dec. 31, 2023	International Development Enterprises
Social and Behaviour Change (SBC Malaria)		Jan. 1 – Dec. 31, 2023	Johns Hopkins Bloomberg School of Public Health/Center for Communication Programs (JHUCCP)

Associação h2n contracted with the independent audit firm Ernst and Young, Maputo, Mozambique to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and International Standards on Auditing (ISAs). However, it did not have an external peer review program that

fully satisfy the GAGAS standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Associação h2n'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 of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate Associação h2n's internal controls; and (3) determine whether Associação h2n complied with award terms and applicable laws and regulations.

To answer the audit objectives, Ernst and Young (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 Associação h2n as incurred from January 1 to December 31, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Associação h2n's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; and (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. Associação h2n reported expenditures of \$2,798,879 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 \$766 in ineligible total questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Mozambique determine the allowability of the \$766 in ineligible questioned costs and recover any amount determined to be unallowable. The audit firm also 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 April 16, 2025.

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

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.

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.