



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

MEMORANDUM

DATE: July 6, 2026

TO: USAID, Performing the Duties of Administrator and Chief Operating Officer,
Eric Ueland

USAID, Acting Chief Financial Officer, Douglas A. Pitkin

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

SUBJECT: Financial Audit of USAID Resources Managed by Children in Distress Network in South Africa Under Cooperative Agreement 72067418CA00030, April 1, 2024, to March 31, 2025 (Report No. 4-674-26-025-R)

This memorandum transmits the final audit report on USAID resources managed by Children in Distress Network (CINDI) under the Preventing HIV/AIDS among Vulnerable Populations in South Africa Activity. CINDI contracted with the independent audit firm Turning Point Consulting Southern Africa Inc., Durban, South Africa to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States (GAGAS). 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 CINDI's schedule of expenditures on 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 CINDI's internal controls; (3) determine whether CINDI 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, Turning Point Consulting Southern Africa Inc. (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

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 costs reported by CINDI as incurred from April 1, 2024, to March 31, 2025; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to CINDI'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. CINDI reported expenditures of \$3,125,107 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 awards for the period audited. The audit firm identified no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. The audit firm also issued a management letter.

Note that the audit firm did not incorporate SAS 134 reporting requirements. The Accounting Standards Board (ASB) announced an update to SAS 134, Auditor Reporting and Amendments Addressing Disclosures in the Audit of Financial Statements, which became effective for audits of financial statements for periods ending on or after December 15, 2021.

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.