



MEMORANDUM

DATE: July 13, 2020

TO: USAID/M/OAA/CAS/CAM, Division Chief, E. Lynn Brown

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Financial Audit of USAID Resources Managed by Stichting ZOA in Multiple Countries Under Multiple Awards, January 1 to December 31, 2017 (Report No. 4-000-20-090-R)

This memorandum transmits the final audit report on of USAID resources managed by Stichting ZOA) in multiple countries under multiple awards listed in the attached appendix I (only USAID awards included in appendix). Stichting ZOA contracted with the independent certified public accounting firm Crowe U.K. LLP (Crowe), United Kingdom, 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 that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Stichting ZOA's fund accountability statement; 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 fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate Stichting ZOA's internal controls; (3) determine whether Stichting ZOA 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, Crowe (1) audited the fund accountability statement for the award 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 Stichting ZOA as incurred from January 1 to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Stichting ZOA's ability to report financial data consistent with the assertions embodied in each account of the

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.

fund accountability statement; (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 fund accountability statement; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. Stichting ZOA reported expenditures of \$3,300,267 in the fund accountability statement of which expenditures of \$3,121,183 related to USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited, except for \$3,743 in total unsupported questioned costs; no material weaknesses in internal control; and two 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/M/OAA/CAS/CAM determine the allowability of the \$3,743 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to controller, dated July 13, 2020.

To address the issues identified in the report, we recommend that USAID/M/OAA/CAS/CAM:

Recommendation 1. Verify that Stichting ZOA corrects the two instances of material noncompliance detailed on pages 34 and 35 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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").

Appendix I – Award List

No.	Award Description	Award Number	Audit Period
1.	Provision of WASH Assistance to IDPs in a Protracted Crisis in Rakhine – Myanmar (cooperative agreement).	AID-OFDA-A-14-00007	Jan. 1 - Dec. 31, 2017
2.	Emergency WASH for Conflict and Disaster Affected Vulnerable Households in Uruzgan and Sar-e Pul (grant) – closeout.	AID-OFDA-G-15-00252	Jan. 1 – Feb. 14, 2017
3.	Promoting Land Ownership Certification in Burundi (cooperative agreement).	AID-695-A-16-00001	Jan. 1 – Dec. 31, 2017
4.	Emergency/Transitional Shelter Assistance for Returnees and Conflict IDPs in Northern Afghanistan (grant).	AID-OFDA-G-17-00150-01	Aug. 9- Dec. 31, 2017
5.	Weed Control in Jawzjan Province. Sub-Award From Regional Agriculture Development Program, North (RADP-North) (subaward) – closeout.	AID-306-C-14-00002	Jan. 1 – Jul. 30, 2017
6.	Supporting Internally Displaced Persons (IDPs) and Vulnerable Host Communities to Improve Food and Nutrition Security in Yobe and Borno States, Nigeria (grant).	AID-FFP-G-17-00039	May 15 – Dec. 31, 2017
7.	Enhanced People to People Relations and Communities Rehabilitation Program, Akobo and Wantowa Woredas, Gambella Regional State, Ethiopia (cooperative agreement) – closeout in prior period.	AID-663-A-13-00004	Closed in 2016, no expenses only reimbursements received in current period.
8.	Transitional Shelter Assistance in Jawzjan (grant) – closeout in prior period.	AID-OFDA-G-15-00219	Closed in 2016, no expenses only reimbursements received in current period.