



## MEMORANDUM

**DATE:** March 22, 2018

**TO:** USAID/Tanzania, Mission Director, Andrew Karas

**FROM:** Regional Inspector General/Pretoria, John Vernon /s/

**SUBJECT:** Closeout Audit of USAID Resources Managed by National Malaria Control Program in Tanzania, Under Agreement 621-0011.01 for the period October 1, 2014, to December 31, 2016 (Report No. 4-621-18-065-R).

This memorandum transmits the final audit report on USAID resources managed by National Malaria Control Program in Tanzania, Under Agreement 621-0011.01 for the period October 1, 2014, to December 31, 2016. The National Audit Office of Tanzania (NAOT) contracted with the independent public accounting firm Deloitte and Touche Tanzania to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that the audit firm did not have an external peer review and a continuing education program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the National Malaria Control Program's (NMCP) fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 the NMCP's internal controls; (3) determine whether NMCP complied with award terms and applicable laws and regulations; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations.

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<sup>1</sup> 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.

To answer the audit objectives, the auditors (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 NMCP as incurred from October 1, 2014, to December 31, 2016; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to NMCP's ability to report financial data consistent with the assertions embodied in each account of the 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) determined that the review of the indirect cost rate was not applicable; and (5) determined that the implementation status of the prior period recommendations was not applicable. NMCP spent \$1,866,852 in 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 \$28,423 in ineligible questioned costs and three instances of material noncompliance.

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

**Recommendation 1.** Determine the allowability of \$28,423 in ineligible questioned costs on pages 13 and 14 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that the National Malaria Control Program corrects the three instances of material noncompliance detailed on pages 22 to 25 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").