



MEMORANDUM

DATE: September 11, 2020

TO: USAID/Southern Africa, Acting Mission Director, Rebecca Krzywda

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

SUBJECT: Financial Audit of USAID Resources Managed by Project Hope Namibia Under Multiple Agreements, January 1 to December 31, 2019 (Report No. 4-673-20-109-R)

This memorandum transmits the final audit report on USAID resources managed by Project Hope Namibia under cooperative agreements 1) AID-673-A-13-00001, HIV Innovations for Improved Patient Outcomes for Priority Populations Program and 2) 72067318CA00002, Prevent HIV Incidence Primarily Among Adolescent Girls and Young Women and to Mitigate the Impact of HIV on Vulnerable Children Program. Project Hope Namibia contracted with the independent certified public accounting firm Deloitte & Touche, Windhoek, Namibia, 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 continuing professional education and 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 Project Hope Namibia'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 Project Hope Namibia's internal controls; (3) determine whether Project Hope Namibia complied with award terms and applicable laws and regulations; (4) review the indirect cost rate, or determined that the review of the indirect cost rate was not applicable; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, Deloitte & Touche (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

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.

Project Hope Namibia as incurred from January 1 to December 31, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Project Hope Namibia'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) reviewed the implementation status of the prior period recommendations. Project Hope Namibia reported expenditures of \$8,961,299² 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 \$5,383 in total ineligible questioned costs; no material weaknesses in internal control; and one instance of material noncompliance specifically related to the questioned costs identified. 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/Southern Africa determine the allowability of the \$5,383 in questioned costs and recover any amount determined to be unallowable and determine if the recipient addressed the related noncompliance instance. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Southern Africa determine if the recipient addressed the issues noted. 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 the controller, dated September 11, 2020.

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").

² \$2,512,580 for AID-673-A-13-00001 + \$6,448,719 for 72067318CA00002 = \$8,961,299