



MEMORANDUM

DATE: February 7, 2020

TO: USAID/Southern Africa, Mission Director, John Groarke

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

SUBJECT: Financial and Closeout Audit of USAID Resources Managed by Networking HIV & AIDS Community of Southern Africa Under Multiple Agreements, April 1, 2018, to March 31, 2019 (Report No. 4-674-20-039-R)

This memorandum transmits the final audit report on USAID resources managed by Networking HIV & AIDS Community of Southern Africa (NACOSA) under the following awards:

Award Name (Type)	Award Number	Period audited	Prime implementer
Orphans and Vulnerable Children program (cooperative agreement) (Close out)	AID-674-A-13-00005	April 1, 2018 – December 31, 2018	
Reach Project (sub agreement)	AID-674-A-14-00009	April 1, 2018 – March 31, 2019	FHI360
Improved Case Outcomes for Sexual Offences project (Independent Contract Agreement) (Closeout)	AID-674-A-15-00010	April 1, 2018 – December 31, 2018	University of Cape Town
Service delivery and support of Preventing HIV/AIDS in Vulnerable Populations (Cooperative agreement)	72067418CA00020	September 20, 2018 – March 31, 2019	
Service delivery and support for Community-Based Violence Prevention (Cooperative agreement)	72067419CA00005	December 18, 2018 – March 31, 2019	

NACOSA contracted with the independent certified public accounting firm BDO Inc. Cape Town, South Africa, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), except it did not have continuing professional education and an external peer review that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NACOSA'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 NACOSA's internal controls; (3) determine whether NACOSA 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, BDO (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 NACOSA as incurred from April 1, 2018, to March 31, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to NACOSA'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. NACOSA reported expenditures of \$1,665,511 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. There were no questioned costs, no material weaknesses in internal control, and no instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiency noted in the report, we suggest that USAID/Southern Africa determine if the recipient addressed the issues noted. Accordingly, we do not make any recommendations.

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").

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.