



MEMORANDUM

DATE: July 23, 2020

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

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

SUBJECT: Financial Audit of USAID Resources Managed by Grassroot Soccer South Africa Under Multiple Awards, January 1 to December 31, 2017 (Report No. 4-674-20-096-R)

This memorandum transmits the final audit report on USAID resources managed by Grassroot Soccer South Africa (GRS SA) under cooperative agreement AID-674-A-15-00003, Public Private Partnership and cooperative agreement AID-674-A-14-00012, subagreement under Centre for Communications Impact (CCI). GRS SA contracted with the independent certified public accounting firm Gelman Rosenberg & Freedman, Bethesda, Maryland, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on GRS SA'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 GRS SA's internal controls; (3) determine whether GRS SA complied with award terms and applicable laws and regulations.

To answer the audit objectives, Gelman Rosenberg & Freedman (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 GRS SA 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 GRS SA'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

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.

laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement. GRS SA reported expenditures of \$1,970,019 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. The audit firm identified no questioned costs; no material weaknesses in internal control; and one instance of material noncompliance. In addition, the audit report included a significant deficiency related to the material noncompliance instance identified. The audit firm also included a management letter with other issues within the audit report.

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 July 23, 2020.

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

Recommendation I. Verify that Grassroot Soccer South Africa corrects the one instance of material noncompliance detailed on page III-1 and III-2 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”).