



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: March 1, 2023

TO: USAID/Tanzania, Mission Director, Kate Somvongsiri

FROM: USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

SUBJECT: Financial Audit of USAID Resources Managed by National Council of People Living With HIV in Tanzania Under Cooperative Agreement 72062120CA00001, July 1, 2021, to June 30, 2022 (Report No. 4-621-23-056-R)

This memorandum transmits the final audit report on USAID resources managed by National Council of People Living with HIV (NACOPHA) in Tanzania for the Hebu Tuyajenge (“Let’s Discuss Constructively”) program. NACOPHA contracted with the independent audit firm PricewaterhouseCoopers (PwC), Dar es Salaam, Tanzania to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external peer review or a continuing professional education program that fully satisfy the standards’ requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NACOPHA’s schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate NACOPHA’s internal controls; (3) determine whether NACOPHA 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, PwC (1) audited the schedule of expenditures of USAID awards 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 NACOPHA as incurred from July 1, 2021, to June 30, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to NACOPHA 's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (3) identified the award terms and pertinent laws and

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.

regulations and determined which of those, if not observed, could have a direct and material effect on schedule of expenditures of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. NACOPHA reported expenditures of \$5,574,791 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$12,687 in total ineligible questioned costs. The audit firm identified four material weaknesses in internal control; and five 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/Tanzania determine the allowability of the \$12,687 in questioned costs and recover any amount determined to be unallowable. Since one material weakness in internal control and two instances of material noncompliance were repeat findings from the prior period and two other instances of material noncompliance relates to questioned costs, they will not be included in our recommendations.

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

Recommendation 1. Verify that National Council of People Living With HIV corrects the three material weaknesses in internal control detailed on pages 27, 29, and 30 of the audit report.

Recommendation 2. Verify that National Council of People Living With HIV corrects the one instance of material noncompliance detailed on pages 39 and 40 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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).