



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

MEMORANDUM

DATE: October 23, 2023

TO: USAID/Tanzania, Mission Director, Craig Hart

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

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Deloitte Consulting Limited in Tanzania Under Cooperative Agreement AID-621-A-16-00002, January 1 to December 31, 2021 (Report No. 4-621-24-007-R)

This memorandum transmits the final audit report on USAID resources managed by Deloitte Consulting Limited under cooperative agreement AID-621-A-16-00002 for the Boresha Afya Program, Southern Region. Deloitte Consulting Limited 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 and continuing professional education programs 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 Deloitte Consulting Limited'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 Deloitte Consulting Limited's internal controls; (3) determine whether Deloitte Consulting Limited complied with award terms and applicable laws and regulations; (4) review the indirect cost rate, or determine 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, 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 Deloitte Consulting Limited as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Deloitte Consulting Limited's ability to report financial data consistent with the assertions

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.

embodied in each account of the schedule of expenditures of USAID awards; (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 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. Deloitte Consulting Limited reported expenditures of \$25,913,283 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 \$1,822,960 in ineligible total questioned costs. The audit firm identified two material weaknesses in internal control and six instances of material noncompliance.

The questioned costs and two of the six material instances of noncompliance referred to above are the subject of separate OIG correspondence dated August 16, 2023. Any administrative action regarding these questioned costs deemed appropriate should be communicated to OIG in accordance with the instructions contained in that correspondence. Consequently, no recommendation is made in this memorandum for the questioned costs and associated instances of noncompliance referred to in the preceding paragraph.

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

Recommendation 1. Verify that Deloitte Consulting Limited corrects the two material weaknesses in internal control detailed on pages 37 to 39 of the audit report.

Recommendation 2. Verify that Deloitte Consulting Limited corrects the four instances of material noncompliance detailed on pages 48 to 54 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.