



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 2, 2022

TO: USAID/Mozambique, Mission Director, Helen Pataki

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

SUBJECT: Financial Audit of USAID Resources Managed by Ajuda de Desenvolvimento de Povo para Povo in Mozambique Under Multiple Awards, January 1 to December 31, 2021 (Report No. 4-656-23-016-R)

This memorandum transmits the final audit report on USAID resources managed by Ajuda de Desenvolvimento de Povo para Povo (ADPP) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Supporting Greater Socio-Economic Development and Recovery in Cabo Delgado (cooperative agreement)	72065621CA00002	Aug. 25 – Dec. 31, 2021	
Transform Nutrition (cooperative agreement)	72065619CA00006	Jan. 1 – Dec. 31, 2021	
Mozambique Local Tuberculosis Response (TB Response) (cooperative agreement)	72065619CA00008	Jan. 1 – Dec. 31, 2021	
Community Engagement for Bilingual Education (Nampula) (cooperative agreement)	72065620CA00008	Jan. 1 – Dec. 31, 2021	
Integrated HIV Prevention and Health Services for Key and Priority Populations (PASSOS) – (subaward)	I 02296.001.0005	Jan. 1 – Dec. 31, 2021	Family Health International (FHI360)
FHI COVida" Junto Pelas Crianças" (subaward)	I 113.0148	Jan. 1 – Dec. 31, 2021	FHI360
Teachers Graduate Network for Community Resilience in Cabo Delgado (subaward)	PEM018	Jan. 1 – Mar. 19, 2021	DAI Global, LLC

ADPP contracted with the independent audit firm KPMG, Maputo, Mozambique 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 ADPP'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 ADPP's internal controls; (3) determine whether ADPP 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, KPMG (1) audited the fund accountability statement 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 ADPP 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 ADPP'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. ADPP reported expenditures of \$13,087,870 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 no instances of material noncompliance. The audit firm issued a separate management letter.

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").

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.