



MEMORANDUM

DATE: September 2, 2021

TO: USAID/Southern Africa, Mission Director, Andy Karas
USAID/M/OAA/CAS/CAM, Supervisory Auditor, Eleanor C. Jefferson

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

SUBJECT: Financial Audit of USAID Resources Managed by Right to Care in Multiple Countries Under Multiple Awards, October 1, 2019, to September 30, 2020 (Report No. 4-674-21-091-R)

This memorandum transmits the final audit report on USAID resources managed by Right to Care NPC (RTC) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
EQUIP in South Africa, Lesotho, Malawi, Zambia, Ghana, Haiti, Mozambique, Myanmar, and Ukraine (cooperative agreement)	AID-OAA-A-15-00070	Oct. 1, 2019 – Sep. 30, 2020	RTC
Accelerating Program Achievements to Control the Epidemic (APACE) Activity in South Africa (cooperative agreement)	72067418CA00029	Oct. 1, 2019 – Sep. 30, 2020	RTC
Accelerating Program Achievements to Control the Epidemic (APACE) Activity in South Africa (cooperative agreement)	72067418CA00023	Oct. 1, 2019 – Sep. 30, 2020	ANOVA
Meeting Targets and Maintaining Epidemic Control (EpiC) (cooperative agreement)	720OAA19CA00002	Oct. 1, 2019 – Sep. 30, 2020	FHI360
Expanding Malawi HIV/AIDS Prevention (cooperative agreement)	72061220CA00003	Oct. 1, 2019 – Sep. 30, 2020	PSI
Data for Implementation (Data FI) (cooperative agreement)	720OAA19CA00004	Oct. 1, 2019 – Sep. 30, 2020	PALLADIUM

RTC contracted with the independent certified public accounting firm PricewaterhouseCoopers Inc. (PwC), Johannesburg, South Africa, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards

(GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on RTC'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 RTC's internal controls; (3) determine whether RTC complied with award terms and applicable laws and regulations; (4) reviewed the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, PwC (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 RTC as incurred from October 1, 2019, to September 30, 2020; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to RTC'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) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. RTC reported expenditures of \$71,279,563 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 and raised \$46,526 in total unsupported questioned costs relating to a subrecipient; one material weakness in internal control; and no instances of material noncompliance. The audit firm also issued a management letter.

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 September 2, 2021.

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

Recommendation 1. Determine the allowability of \$46,526 in unsupported questioned costs on pages 18 and 29 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Right to Care NPC corrects the one material weakness in internal control detailed on page 32 of the audit report.

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.

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”).