



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** February 4, 2022

**TO:** USAID/Southern Africa, Regional Mission Director, Andrew Karas

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

**SUBJECT:** Financial Audit of USAID Resources Managed by THINK Tuberculosis and HIV Investigative Network (RF.) NPC in South Africa Under Multiple Awards, March 1, 2020, to February 28, 2021 (Report No. 4-674-22-035-R)

This memorandum transmits the final audit report on USAID resources managed by THINK Tuberculosis and HIV Investigative Network (RF.) NPC (THINK) in South Africa under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Safeguarding Advances in TB Treatment by Strengthening the MDR TB Health Care Platform-SAFT Project (cooperative agreement)	72067419CA00013	Oct. 1, 2020 – Feb. 28, 2021	
Accelerating Program Achievements to Control the Epidemic-APACE Project (cooperative agreement) (close-out)	72067418CA00025	Mar. 1, 2020 – Sep. 30, 2020	Maternal, Adolescent & Child Health Care (MatCH)
STREAM Project – Community Engagements and Clinical Trails	Sub Award under Vital Strategies Inc.	Mar. 1, 2020 – Feb. 28, 2021	Vital Strategies Inc.

THINK contracted with the independent certified public accounting firm SustainAbility Solutions PC, Michigan, USA, 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 THINK's Schedules of Expenditures of Federal Awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

<sup>1</sup> 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.

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of federal awards for the period audited, was presented fairly, in all material respects; (2) evaluate the THINK's internal controls; (3) determine whether THINK 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, SustainAbility Solutions (1) audited the schedules of expenditures of federal awards 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 THINK as incurred from March 1, 2020, to February 28, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to THINK's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of federal 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 federal awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) determined that the review of implementation status of the prior period recommendations was not applicable. THINK reported expenditures of \$1,901,607 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of federal awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$2,379 ineligible questioned costs. The audit identified no material weaknesses in internal control and one instance of material noncompliance unrelated to the questioned costs. 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/Southern Africa determine the allowability of the \$2,379 in questioned costs and take any appropriate action. The audit firm issued a management letter.

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

**Recommendation 1.** Verify that THINK Tuberculosis and HIV Investigative Network (RF.) NPC corrects the one instance of material noncompliance detailed on page 33 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").