



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** July 14, 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 Anova Health Institute NPC in Multiple Countries Under Multiple Awards, October 1, 2020, to September 30, 2021 (Report No. 4-674-22-073-R)

This memorandum transmits the final audit report on USAID resources managed by Anova Health Institute NPC (Anova) under the following awards:

Award Name (Type)	Award Number	Audited Period	Prime Implementer
Accelerating Program Achievements to Control the Epidemic (APACE) (cooperative agreement) – South Africa	72067418CA00023	Oct. 1, 2020 – Sep. 30, 2021	
USAID EQUIP Consortium – Alternative Delivery of Antiretroviral Therapy (ART) (subagreement) – Zambia (closeout)	AID-OAA-A-15-00070	Oct. 1, 2020 - Aug. 31, 2021	Right to Care
Meeting Targets and Maintaining Epidemic Control (TMEC) Program (subagreement)	720OAA19CA00003	Oct. 1, 2020 – Sep. 30, 2021	Jhpiego Corporation
Provide Technical Assistance Within the Framework of the Expansion of PrEP and the Development of Materials for the Training of Trainers (subagreement) – Haiti (closeout)	72052120CA00003	Oct. 1 – Dec. 31, 2020	ISPD Haiti
Meeting Targets and Maintaining Epidemic Control Project Purchase Order Number I297.0089 for EpiC and KPIF Projects (subagreements) (closeout)	AID-OAA-14-00045	Oct. 1, 2020 – Sep. 30, 2021	FHI360

Anova contracted with the independent certified public accounting firm Deloitte & Touché, 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 Anova's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with

the award, laws, and regulations.<sup>1</sup>

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 Anova's internal controls; (3) determine whether Anova 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, Deloitte & Touché (1) audited the schedule of expenditures of USAID 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 Anova as incurred from October 1, 2020, to September 30, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Anova'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 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. Anova reported expenditures of \$79,562,758 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 \$21,514 in ineligible questioned costs; no material weaknesses in internal control; and one instance of material noncompliance specifically related to the questioned costs identified. 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 \$21,514 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiency noted in the report, we suggest that USAID/Southern Africa determine if the recipient addressed the issues noted.

Accordingly, we are not making any recommendations.

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 July 14, 2022.

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").

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<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.