



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

MEMORANDUM

DATE: April 17, 2023

TO: USAID/Southern Africa, Regional Mission Director, Leslie Marbury

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

SUBJECT: Financial Audit of USAID Resources Managed by World Wild Fund for Nature South Africa in Multiple Countries Under Cooperative Agreement AID-674-A-17-00006, July 1, 2021, to June 30, 2022 (Report No. 4-674-23-062-R)

This memorandum transmits the final audit report on USAID resources managed by World Wild Fund for Nature South Africa (WWFSA) for the Khetha Project in South Africa and Mozambique. WWFSA contracted with the independent audit firm SustainAbility Solutions P.C. (SSPC), Michigan, USA to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on WWFSA'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 WWFSA's internal controls; (3) determine whether WWFSA 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, SSPC (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 WWFSA as incurred from July 1, 2021, to June 30, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to WWFSA'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

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.

indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. WWFSA reported expenditures of \$2,179,252 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. The audit firm identified \$420 ineligible questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. 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 \$420 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated April 17, 2023.

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

Recommendation 1. Verify that World Wild Fund for Nature South Africa corrects the one instance of noncompliance detailed on page 5 of the management letter.

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").