



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 4, 2023

TO: USAID/Southern Africa, Acting Regional Mission Director, Troy Tillis

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

SUBJECT: Financial Audit of USAID Resources Managed by Right to Care NPC in Multiple Countries Under Multiple Awards, October 1, 2021, to September 30, 2022 (Report No. 4-674-23-099-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 Lesotho, Ghana, Uganda, South Africa, and Zambia (cooperative agreement) - closeout	AID-OAA-A-15-00070	Oct. 1, 2021 – Sep. 30, 2022	
Accelerating Program Achievements to Control the Epidemic (APACE) Activity in South Africa (cooperative agreement)	72067418CA00029	Oct. 1, 2021 – Sep. 30, 2022	
Accelerating Program Achievements to Control the Epidemic (APACE) Activity in South Africa (subagreement)- closeout	72067418CA00023	Oct. 1, 2021 – Sep. 30, 2022	ANOVA
Meeting Targets and Maintaining Epidemic Control (EpiC) in Lesotho (subagreement) - closeout	720OAA19CA00002	Oct. 1, 2021 – Sep. 30, 2022	FHI360
Expanding Malawi HIV/AIDS Prevention (subagreement)	72061220CA00003	Oct. 1, 2021 – Sep. 30, 2022	PSI
Data for Implementation (Data FI) in Nigeria and Malawi (subagreement) - closeout	720OAA19CA00004	Oct. 1, 2021 – Sep. 30, 2022	Palladium International LLC.
Chiyambi Human Resource for Health (CHRH) Activity in Malawi (subagreement)	72061221CA00005	Oct. 1, 2021 – Sep. 30, 2022	Malawi College of Health Services (MCHS)
Action HIV for Epidemic Control in Zambia (subagreement)	72061121C00006	Oct. 1, 2021 – Sep. 30, 2022	Right to Care Zambia

Accelerating Development Against Pandemic Threats (ADAPT) (cost-plus fixed fee contract)	72067422D00002/72067 422F00001	Dec. 14, 2021 – Sep. 30, 2022
Accelerating Development Against Pandemic Threats (ADAPT) (cost-plus fixed fee contract)	72067422D00002/72067 422F00006	Dec. 14, 2021 – Sep. 30, 2022

RTC contracted with the independent audit firm Ernst & Young Inc. (EY), Johannesburg, South Africa 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 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 RTC'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 RTC's internal controls; (3) determine whether RTC 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, EY (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 RTC as incurred from October 1, 2021, to September 30, 2022; (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 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) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. RTC reported expenditures of \$61,789,951 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 no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance.

Accordingly, we are not making any recommendations.

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.

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 August 4, 2023.

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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.