



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** December 13, 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 mothers2mothers South Africa NPC in Multiple Countries Under Multiple Awards, January 1 to December 31, 2022 (Report No. 4-674-24-049-R)

This memorandum transmits the final audit report on USAID resources managed by mothers2mothers South Africa NPC (m2m) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Reducing Infections Through Support and Education (RISE) II in Southern and Eastern Africa (cooperative agreement)	72067418CA00004	Jan. 1 – Dec. 31, 2022	
Children and Adolescents are My Priority (CHAMP) in South Africa (cooperative agreement)	72067418CA00026	Jan. 1 – Dec. 31, 2022	
Supporting an AIDS Free Era (SAFE) in Zambia Project (subaward) - closeout	13690-03	Jan. 1 – Nov. 30, 2022	JSI Research & Training Institute, Inc (JSI Inc) [AID- 611-C-17-00001]

m2m contracted with the independent audit firm Ernst & Young Incorporated (EY), Johannesburg, South Africa to conduct the audit. The audit firm stated that it performed its audit in accordance with International Standards of Auditing (ISA) in conjunction with U.S. Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. 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 m2m'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 m2m's internal controls; (3) determine whether m2m 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 m2m as incurred from January 1 to December 31, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to m2m'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. m2m reported expenditures of \$13,236,171 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. The audit firm identified no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. The audit firm also issued a management letter.

Accordingly, we are not making any recommendations.

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 December 13, 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.<sup>2</sup>

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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.

<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).