

**AUDIT OF CDC RESOURCES MANAGED BY
CHRISTIAN HEALTH ASSOCIATION OF MALAWI**

**ASSIST THE MINISTRY OF HEALTH TO
PROVIDE CRITICAL HUMAN RESOURCES FOR
HEALTH TO ACHIEVE HIV EPIDEMIC
CONTROL IN MALAWI UNDER THE PRESIDENT'S
EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR)
COOPERATIVE AGREEMENT NUMBER:
5 NU2GGH002057-03-00**

AND

**OPTIMISING HUMAN RESOURCES FOR HEALTH
TO SUSTAIN EPIDEMIC CONTROL IN MALAWI
UNDER THE PRESIDENT'S EMERGENCY PLAN FOR
AIDS RELIEF(PEPFAR)
COOPERATIVE AGREEMENT NUMBER:
1 NU2GGH002263-01-00**

**FUND ACCOUNTABILITY STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021
TO 31 DECEMBER 2021**

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT

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COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

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Management of Christian Health Association of Malawi is required to prepare a Fund Accountability Statement for each specified period which presents fairly the state of affairs of each project as at the end of the specified period and of the operating results for that period.

Management is also required to ensure that the project keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the project and enable them to ensure that the fund accountability statement complies with the CDC financing agreement.

In preparing the fund accountability statements, management accept responsibility for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- compliance with applicable accounting standards subject to any material departures being disclosed and explained in the fund accountability statement;
- preparation of the fund accountability statements on a going concern basis unless it is inappropriate to presume that the project will continue its operations.

Management also accepts responsibility for taking such steps as are reasonably open to them to safeguard the assets of the project and to maintain adequate systems of internal control to prevent and detect fraud and other irregularities.

Management is of the opinion that the fund accountability statements present fairly in all **material respect** the state of the financial affairs of the projects and of its operating results.

The fund accountability statements have been approved by the management on 12 October ~~2022~~ and are signed on its behalf by:



EXECUTIVE DIRECTOR



DIRECTOR OF FINANCE

Transmittal Letter

The Board of Trustee
Christian Health Association of Malawi
P.O Box 30378,
Lilongwe 3,
Malawi.

Dear Sirs/Madam,

This report presents our opinion on whether the fund accountability statement for Christian Health Association of Malawi under the following:

- a) CDC programme Cooperative Agreement no. 5 NU2GGH0002057-03-00 -Assist the Ministry of Health to provide Critical Human Resources for Health to Achieve HIV Epidemic control in Malawi Under the Presidents Emergency Plan for Aid Relief (PEPFAR) for the period from 1 January 2021 to December 2021.
- b) CDC programme Cooperative Agreement no. 1 NU2GGH002263-01-00 -Optimizing Human Resources for Health to Sustain Epidemic Control Under the Presidents Emergency Plan for Aid Relief (PEPFAR) for the period from 1 January 2021 to December 2021.

CDC program presents fairly in all material respects, revenues received and costs incurred, in conformity with the U.S. Government Auditing Standards for the above periods. The fund accountability statement is the responsibility of Christian Health Association of Malawi management.

As one of our audit objectives, we evaluated and obtained a sufficient understanding of the recipient's internal controls related to the CDC– funded programs, assessed control risk and identified reportable conditions, including material internal control weaknesses.

With respect to these internal controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk in order to determine our audit procedures for the purpose of expressing an opinion on the fund accountability statement.

As practicing members of the Institute of Chartered Accountants in Malawi (ICAM),

- We are required to acquire at least 40 Continuing Professional Education (CPE) hours per annum. This is enforced by the Institute of Chartered Accountants in Malawi on all members on an annual basis.

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Audit . Tax . Advisory

Directors: Cornwell Banda, Dorothy Ngwira Mrs, Victoria Nkhoma Mrs

Over a two-year period, the partner involved in planning, directing and reporting of this assignment completed at least 80 hours of continuous professional education (CPE), 24 hours of continuous professional education relating to subject matter directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates and 56 hours that related to subject matter that directly enhance auditor's professional expertise to conduct engagements.

All the auditors involved in this assignment complete at least 40 hours of continuous professional education in each two-year period.

This is in line with the GAGAS and peer review requirement. GAGAS Peer Review and continuing Education Section 3.76 requires 24 hours of continuing education every two years for auditors and 80 hours of continuing education every two years for audit leaders.

- As required by GAGAS Section 3.50 that each organization performing audits or attestation engagements in accordance must establish a system of quality control and also have an external peer review at least once every 3 years

Our audit firm is subjected to an external quality control peer review program which is administered by the Malawi Accountants Board (MAB). MAB's quality control peer review program complies with the International Federation of Accountants (IFAC) rules. The last review of the firm was carried out in 2019 and was satisfactory and the next one will be done after six years because the firm is not involved in the audit of listed companies. Additionally, all auditors within the firm and involved in this audit are members of ICAM which is a member of IFAC, and its members are required to comply with IFAC rules. The ICAM review is performed by outsourced reviewers from the Association of Certified Chartered Accountants (ACCA) in the United Kingdom.

Graham Carr has not had a GAGAs external quality control review by unaffiliated organisation as required by Chapter 5, paragraph 5.62 of GAO -21-368G Government Auditing Standards because no such programme is offered by professional organisations within Malawi. We believe the effects of this departure from GAGAS is not material because Graham Carr complies with ISA 220 Quality Control for Audits of Historical Financial Information and ISQC 1 International Standards on Quality Control.

This report is intended solely for the use of the Christian Health Association of Malawi management and CDC. However, upon release by CDC, this report is a matter of public record and its distribution is not limited.

If you have any questions concerning this report, please do not hesitate to contact us.



Graham Carr
19 October 2022

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

**ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

AUDIT SUMMARY

Background and project identification

The accompanying reports are given in connection with Christian Health Association of Malawi, **Cooperative Agreement Number: 5 NU2GGH002057-03-00**-Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi under the president Emergency Plan for Aids Relief (PEPFAR) and **Cooperative Agreement no.1 NU2GGH002263-01-00** - Optimize Human Resources for Health Sustain Epidemic Control in Malawi under the president's Emergency Plan for AIDS Relief (PEPFAR).

Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi under the president Emergency Plan for Aids Relief (PEPFAR) Project

On 2 April 2017 the Centres for Disease Control (CDC), mission to Malawi issued the first Notice award to Christian Health Association of Malawi to "Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi under the president Emergency Plan for Aids Relief (PEPFAR), Malawi Project cooperative agreement number 5 NU2GGH002057-03-00 which provided a grant of US\$ 3,247,349.15 in the first period and US\$ 2,052,965.38 in the second period and US\$ 2,454,854.90 in the period under audit.

Project Objective

The main objective of the CDC-HRH program is to increase availability of qualified, motivated staff at PEPFAR sites, provide effective and efficient HRH management of PEPFAR supported personnel, increase HRH data available or accessibility and utilisation of data to inform health worker recruitment and development, and to empower the government to efficiently manage HCWs and develop sustainable partnerships with external stakeholders.

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AUDIT SUMMARY (CONTINUED)

Optimize Human Resources for Health Sustain Epidemic Control in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR) Project

In August 2020, the Centres for Disease Control (CDC), mission to Malawi issued the first Notice award to Christian Health Association of Malawi (CHAM) to "Optimize Human Resources for Health Sustain Epidemic Control in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR), Malawi Project Cooperative agreement No 1 NU2GGH002263-01-00 which provided a grant of US\$ 205,211 in the previous period and US\$572,259 in the period under audit.

Project objectives

- 1) Increase the number of healthcare workers trained at CHAM colleges to deliver HIV/AIDS services at high HIV burden PEPFAR supported sites
- 2) To strengthen linkages between HRH production, recruitment and deployment of preservice health worker graduates so that graduates are recruited and deployed to high HIV burden PEPFAR supported sites
- 3) To increase the proportion of healthcare graduates who successfully qualify HIV/AIDS services at High HIV burden PEPFAR supported sites.
- 4) Support the regulatory bodies to improve quality of education in all CHAM training colleges
- 5) Build capacity of faculty members and students in the provision of ART service

Title

Audit of the fund accountability statement of CDC Resources managed by Christian Health Association of Malawi (CHAM) under Program Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi under the president Emergency Plan for Aids Relief (PEPFAR) Cooperative Agreement Number: 5 NU2GGH002057-03-00 and Optimizing Human Resources for Health Sustain Epidemic Control in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR) Cooperative agreement No 1 NU2GGH002263-01-00 Project for the period ending 31 December 2021.

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AUDIT SUMMARY (CONTINUED)

Objectives of the engagement

The objective of this engagement is to conduct a financial audit of the CDC resources managed by the CHAM under Cooperative agreement no 5 **NU2GGH002057-03-00** and Cooperative agreement No 1 **NU2GGH002263-01-00** for the period from 1 January 2021 to 31 December 2021 in accordance with U.S. Government Auditing Standards issued by the **Comptroller General of the United States** and CDC Guidelines for Financial Audits Contracted by Foreign Recipients.

The fund accountability statement is the basic financial statement to be audited that presents the recipient's revenues, costs incurred, cash balance of funds provided by CDC. The fund accountability statement should be reconciled to the CDC funds included in the general-purpose financial statements by a note to the fund accountability statement. All currency amounts in the fund accountability statement, cost-sharing schedule and the report findings, if any, must be stated in U.S. dollars. The auditors should indicate the exchange rate(s) used in the notes to the fund accountability statement.

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AUDIT SUMMARY (CONTINUED)

Specific Objectives of Audit of CDC Funds

A financial audit of the funds provided by CDC must be performed in accordance with U.S. *Government Auditing Standards issued by the Comptroller General of the United States*, and accordingly includes such tests of the accounting records as deemed necessary under the circumstances. The specific objectives of the financial audit of the CDC funds are to:

1. Express an opinion on whether the fund accountability statement for the CDC-funded programs presents fairly, in all material respects, revenues received, costs incurred, and commodities and technical assistance directly procured by CDC for the period audited in conformity with the terms of the agreements and generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modification of the cash basis).
2. Evaluate and obtain a sufficient understanding of the recipient's internal control related to the CDC-funded programs, assess control risk, and identify significant deficiencies or material weaknesses in the design and effectiveness of these internal controls. This evaluation should include the internal control related to required cost-sharing contributions.
3. Perform tests to determine whether the recipient complied, in all material respects, with agreement terms and applicable laws and regulations related to CDC-funded programs. The testing should be in line with *chapter 6 paragraph 6.15 and 6.16 of U.S. Government Auditing Standards issued by the Comptroller General of the United States*. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred should be identified. Such tests should include the compliance requirements related to required cost-sharing contributions, if applicable.

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AUDIT SUMMARY (CONTINUED)

Specific Objectives of Audit of CDC Funds (continued)

4. Perform an audit of the indirect cost rate(s) if the recipient has been authorized to charge indirect costs to CDC using provisional rates or the minimum rate of 10% of modified total direct costs (MTDC) and if CDC (or other US Government agency) has not yet negotiated final rates with the recipient.
5. Determine if the recipient has taken adequate corrective action on prior audit report recommendations as required by U.S. *Government Auditing Standards (April 2021 edition)* issued by the *Comptroller General of the United States* and [45 CFR § 75.514 \(e\)](#).

AUDIT SCOPE

Our audit was conducted in accordance with U.S. *Government Auditing Standards* issued by the Comptroller General of the United States. It included such tests, as we considered necessary to enable us to obtain reasonable assurance that CDC funds are being managed in accordance with:

- The project agreement between CDC and the recipient.
- CDC financial regulations, rules, practices and procedures.
- The project implementation, monitoring, evaluation and reporting procedures.
- Accounting and reporting procedures for CDC.

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AUDIT SUMMARY (CONTINUED)

The following audit steps were used as the basis for conducting the audit programmes:

A) Pre–Audit Steps

In order to have a better understanding of Christian Health Association of Malawi – CDC Projects and their performance, we requested/reviewed the following documents:

- The agreement between CDC and the CHAM (NOFO and relevant budget year Notice of Awards);
- The sub agreements between CHAM and other implementing entities, as applicable;
- Contracts and subcontracts with third parties, if any;
- Title 45 Code of federal regulation part 75: Uniform Administrative Requirements, Cost Principles, and Audit requirements for HHS awards;
- Notice of Funding Opportunity (NOFO) for the program being audited;
- The budgets, implementation letters, and written procedures of recipient approved by CDC;
- Recipient's Financial Reference Guide for Managing CDC grants and Cooperative Agreements;
- All program financial and progress reports; charts of accounts; organizational charts; accounting systems descriptions; procurement policies and procedures, including but not limited to Procurement Operational Manual (POM); and receipt, Storage and distribution procedures for materials, as necessary, to successfully complete the required work;
- The U.S Department of Health and Human Services (HHS) Grants Policy Statement; and/or
- Any previous audits, financial reviews, etc., that directly relate to the objectives of the audit.

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AUDIT SUMMARY (CONTINUED)

Our detailed tests included the following:

B) Fund Accountability Statements

We examined the fund accountability statements for the CDC programs including the budgeted amounts by category and major items; the revenues received from CDC for the period covered by the audit; the costs reported by the recipient as incurred during that period; and the commodities directly procured by CDC for the recipient's use.

In order to fulfil these responsibilities on the fund accountability statement we:

- Reviewed costs billed to and reimbursed by CDC and costs incurred but pending reimbursement by CDC, identifying and quantifying any questioned costs.
- Reviewed general and program ledgers to determine whether costs incurred were properly recorded. Reconcile direct costs billed to, and reimbursed by, CDC to the program and general ledgers.
- Reviewed procedures used to control the funds, including transfer of funds to contracted financial institutions or other implementing entities. Reviewed bank statements and the controls on those bank accounts. Performed positive confirmation of balances, as necessary.
- Determined whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available. The Ensure that all funding received by the recipient from CDC was appropriately recorded in the recipient's accounting records and that those records were periodically reconciled with information provided by CDC.
- Determined whether program income was added to funds used to further eligible project or program objectives, to finance the non-federal share of the project or program, or deducted from program costs, in accordance with CDC regulations, other implementing guidance, or the terms and conditions of the award.

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AUDIT SUMMARY (CONTINUED)

B) Fund Accountability Statements (continued)

- Reviewed procurement procedures to determine whether they were conducted in a manner consistent with the CDC Program Procurement Guidelines as required by [45 CFR 75.327 General procurement standards](#). to ensure the use of sound commercial practices including competition and price reasonableness, following its written procedures for conflict of interest and adequate controls were in place over the qualities and quantities received.
- Reviewed direct salary charges to determine whether salary rates were reasonable for that position, in accordance with those approved by CDC when CDC approval is required and supported by appropriate payroll records. Determine if overtime was charged to the program and whether it was allowable under the terms of the agreements. Determine whether allowances and fringe benefits received by employees were in accordance with the agreements and applicable laws and regulations. The auditors should question unallowable salary charges in the fund accountability statement.
- Reviewed travel and transportation charges to determine whether they were adequately supported and approved. Travel charges that are not supported with adequate documentation or not in accordance with agreements and regulations must be questioned in the fund accountability statement.
- Reviewed assets (e.g., supplies, materials, vehicles, equipment, food products, tools, etc.) procured by the recipient or directly procured by CDC for the recipient's use. The auditors should determine whether assets exist or were used for their intended purposes in accordance with the terms of the agreements, and whether control procedures exist and have been placed in operation to adequately safeguard the commodities. As part of the procedures to determine if assets were used for intended purposes, the auditors should perform end-use reviews for an appropriate sample of all assets based on the control risk assessment.

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AUDIT SUMMARY (CONTINUED)

B) Fund Accountability Statements (continued)

End-use reviews may include site visits to verify that assets exist or were used for their intended purposes in accordance with the terms of the agreements.

The cost of all assets whose existence or proper use in accordance with the terms of the agreements cannot be verified must be questioned in the fund accountability statement. (The auditor should determine the cost of assets based on supporting documentation available from the recipient or CDC, as appropriate).

- Reviewed technical assistance and services, consultant services, and grant activity procured by the recipient. The auditors should determine whether technical assistance, services and grants were used for their intended purposes in accordance with the terms of the agreements. The cost of technical assistance, services and grants not properly used in accordance with the terms of the agreements must be questioned in the fund accountability statements.

C) Internal Controls

- Obtained a sufficient understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. In obtaining this understanding, we understood the design of the internal control related to CDC programs and determine whether they have been placed in operation.
- Assessed inherent risk and control risk, and determined detection risk.
- Summarized the risk assessments for each assertion in a single document included in the audit documentation. The risk assessments considered the following broad categories under which each assertion was classified:

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AUDIT SUMMARY (CONTINUED)

- (a) classes of transactions and events for the period under audit (occurrence, completeness, accuracy, cut-off, and classification),
- (b) account balances at the period end (existence, rights, obligations, completeness, valuation, and allocation),
- (c) presentation and disclosure (occurrence, rights, obligations, completeness, accuracy, and valuation).
- Evaluated the control environment, the adequacy of the accounting systems, and control procedures. Emphasized the policies and procedures that pertain to the recipient's ability to record, process, summarize, and report financial data consistent with the assertions embodied in each account of the fund accountability statement. This included the control systems for:
 - Ensuring that charges to the program are proper and supported;
 - Managing cash on hand and in bank accounts;
 - Procuring goods and services;
 - Managing inventory and receiving functions;
 - Managing personnel functions such as timekeeping, salaries, and benefits;
 - Managing and disposing of commodities (such as supplies, materials, vehicles, equipment, food products, tools, etc.) purchased either by the recipient or directly by CDC;
 - Ensuring compliance with agreement terms and applicable laws and regulations that collectively have a material impact on the fund accountability statement.
- Evaluated internal control established to ensure compliance with cost sharing/counterpart contribution requirements, including both provision and management of the contributions.

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AUDIT SUMMARY (CONTINUED)

D) Compliance with Agreement Terms and Applicable Laws and Regulations

In fulfilling the audit requirement to determine compliance with agreement terms and applicable laws and regulations related to CDC programs, we:

1. Identified the agreement terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the Fund Accountability Statements.
2. Determined if payments have been made in accordance with agreement terms and applicable laws and regulations.
3. Determined if funds have been expended for purposes not authorized or not in accordance with applicable agreement terms and cost principles as required by [CFR : 45 CFR Part 75 Subpart E - Cost Principles.](#)
4. Identified any costs not considered appropriate, classifying and explaining why these costs are questioned.
5. Determine whether assets, whether procured by the recipient or directly procured by CDC for the recipient's use, exist or were used for their intended purposes in accordance with the terms of the agreements. If not, the cost of such assets must be questioned.
6. Determine whether any technical assistance and services procured by the recipient or directly procured by CDC for the recipient were used for their intended purposes in accordance with the agreements. If not, the cost of such technical assistance and services should be questioned.
7. Determine whether those who received services and benefits were eligible to receive them.
8. Determine whether the recipient's financial reports and claims for advances and reimbursement contain information that is supported by the books and records.
9. Determine whether the recipient held advances of CDC funds in interest-bearing accounts, and whether the recipient remitted to CDC any interest earned on those advances,

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

**ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00**

AND

OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT

COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

D) Follow-Up on Prior Audit Recommendations

1. We were required to review the status of actions taken on findings and recommendations reported in prior audits of CDC-funded programs. Chapter 6 Paragraph 6.11 of the U.S. *Government Auditing Standards (April 2021 edition)* issued by the Comptroller General of the United States.
2. We were required to describe the scope of our work on prior audit recommendations in the summary section of the audit report.

Compliance with continuing professional education and external quality peer review-amendment

Over a two-year period, the partner involved in planning, directing and reporting of this assignment completed at least 80 hours of continuous professional education (CPE), 24 hours of continuous professional education relating to subject matter directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates and 56 hours that related to subject matter that directly enhance auditor's professional expertise to conduct engagements.

All the auditors involved in this assignment complete at least 40 hours of continuous professional education in each two-year period.

Our audit firm is subjected to an external quality control peer review program which is administered by the Malawi Accountants Board (MAB). MAB's quality control peer review program complies with the International Federation of Accountants (IFAC) rules. The last review of the firm was carried out in 2019 and was satisfactory and the next one will be done after six years because the firm is not involved in the audit of listed companies. Additionally, all auditors within the firm and involved in this audit are members of ICAM which is a member of IFAC, and its members are required to comply with IFAC rules. The ICAM review is performed by outsourced reviewers from the Association of Certified Chartered Accountants (ACCA) in the United Kingdom. Graham Carr has not had a GAGAs external quality control review by unaffiliated organisation as required by Chapter 5, paragraph 5.62 of GAO -21-368G Government Auditing Standards because no such programme is offered by professional organisations within Malawi. We believe the effects of this departure from GAGAS is not material because Graham Carr complies with ISA 220 Quality Control for Audits of Historical Financial Information and ISQC 1 International Standards on Quality Control.

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

Audit results

Fund accountability statements

In our opinion the fund accountability statements referred to above presents fairly, in all material respects program revenues, costs incurred and reimbursed by CDC for the period January 1, 2021 to 31 December 2021 in accordance with the terms of the agreements and in conformity with the basis of accounting described in note 2.1.

Internal control

We noted the following weaknesses involving the internal controls and its operations that represent a significant deficiency under standards established by the CDC as reported in a separate letter to management:

- Delays in carrying out the audit. Finding 1
- Noncompliance with Taxation Act on PAYE. Finding 2.1
- Personnel files were not properly maintained. Finding 2.2
- Payables and receivables reconciliations not properly done. Finding 3.1
- Liquidation of advances not properly done resulting in questioned costs. Finding 3.2

Except for the matters noted above, internal controls were adequate for the period.

Compliance with agreement terms

The results of our tests on compliance disclosed that:

- There was late submission of reports. Finding 4

In our opinion, except for the matters noted above the project has adequately complied with the agreement terms.

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

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Follow-Up on Prior Audit Recommendations

Finding	Recommendation	Status
<p>The agreement signed with CDC stipulates that an organisation that spends \$300,000 in a fiscal year must carry out an audit and the audit report must be submitted within the earlier on 30 days after the receipt of the auditor's report or nine months after the end of the audit period.</p> <p>However, there has been delays in carrying out the audit as well as submission of the reports even though a proper timetable was set out before the audit commenced.</p>	<p>The organisation should ensure that audits are planned, carried out and completed within the set timelines so that reports are submitted as required.</p> <p>Management should also make sure that information requested by the auditors is provided within the agreed timeframe to speed up the process.</p>	<p>Not resolved</p>
<p>We noted that although bank reconciliations were prepared for the operating account, the bank reconciliation included Stale/cancelled cheques amounting to MK78,796,769.55</p>	<p>Bank reconciliations statement should be checked properly for stale and cancelled cheques and balances included in the Fund Accountability Statement should agree to bank reconciliation statement.</p>	<p>Resolved</p>

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

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COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00**

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

Follow-Up on Prior Audit Recommendations

Finding	Recommendation	Status
<p>We noted that some of the personal files were not adequately updated with information. e.g. copy of certificates, rate of pay on salary adjustments especially the HCWs as shown on the appendix I - III.</p> <p>There was lack of proper maintenance of records. Thus</p> <ul style="list-style-type: none"> a) No evidence of professional qualifications on some HCWs personnel files b) Some files had no evidence that employee still with CHAM or resigned c) No evidence the personnel file was maintained 	<p>We recommend that personal files should be updated with all the information relating to the staff member. This will ensure that all necessary information for staff is kept in the personal files and easily accessed whenever required. This will also ensure that staff performance is adequately monitored.</p>	<p>Not resolved</p>
<p>We noted that they were delays in dispatching of some cheques.</p>	<p>All signed cheques should be despatched within reasonable time after signing which will eliminate suspicions that management was practicing window dressing i.e. posting payments into the financials that were not paid until sometime after year end to indicate that the related activities were incurred as planned but which may not be the case.</p>	<p>Resolved</p>

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

Follow-Up on Prior Audit Recommendations

Finding	Recommendation	Status
Financial manual 6.3 states that CHAM shall maintain debtors or creditors control account which shall be link to individual vendor accounts which must agree with the total and any difference be followed up and reconciled. However, there is no evidence that Payables and Receivable reconciliations are done monthly for control accounts and ledgers and are being checked and reviewed by a senior official. The balances which were being carried out were either paid off or received but still appearing as balances at 31/12/20.	Management should ensure that Payables and receivables reconciliations are checked and authorized by a senior official. Posting of unauthorized entries are avoided thereby enhancing the system of financial reporting.	Not resolved

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI**ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00****AND****OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00****FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021****INDEPENDENT AUDITOR'S REPORT ON
THE CONSOLIDATED FUND ACCOUNTABILITY STATEMENT**

We have audited the consolidated fund accountability statement of the Christian Health Association of Malawi – "Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi Under the President's Emergency Plan for aids relief (PEPFAR) in Malawi Project and -"Optimizing Human Resources for Health Sustain Epidemic Control in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR) in Malawi Project for the period from January 1, 2021 to 31 December 2021. The fund accountability statement is the responsibility of Christian Health Association of Malawi management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

We conducted our audit of the fund accountability statement in accordance with the *U.S. Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion, the fund accountability statement referred to above presents fairly, in all material respects, project revenues, costs incurred and reimbursed for the year ended December 2021 in accordance with the terms of the agreement and in conformity with the basis of accounting described in note 2.1.

- 20 -

Audit . Tax . Advisory

Directors: Cornwell Banda, Dorothy Ngwira Mrs, Victoria Nkhoma Mrs

In accordance with the *U.S Government Auditing Standards*, we have also issued reports dated 19th October 2022 on our consideration of the Project's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of the audit performed in accordance with *U.S. Government Auditing Standards* and should be read in conjunction with this Auditor's Report in consideration of the results of our audit.

This report is intended for the information of Christian Health Association and CDC. However, upon release by CDC, this report is a matter of public record and its distribution is not limited.



Graham Carr
19th October 2022

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF (PEPFAR)

COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

AND

OPTIMIZING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF (PEPFAR)

COOPERATIVE AGREEMENT NUMBER: 1 NU2GGH002263-01-00

FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED FUND ACCOUNTABILITY STATEMENT

	Note	Jan 1, 2021 to December 31, 2021 HRH US\$	Jan 1, 2021 to December 31, 2021 VMC PRESERVICE US\$	Jan 1, 2021 to December 31, 2021 TOTAL US\$	QUESTIONED COSTS Unsupported US\$	Ineligible US\$	Note
Revenue							
Opening balance		(97,370)	177,196	79,826	-	-	
Funds from CDC	Note 2	2,454,855	572,259	3,027,114	-	-	
Forex gain		85,368	20,785	106,153	-	-	
Other income		-	72	72	-	-	
Grant refunds		(155,342)	-	(155,342)	-	-	
		<u>2,287,510</u>	<u>770,312</u>	<u>3,057,822</u>	-	-	
Expenditure							
Financial recovery and sustainability		158,295	114,093	272,388	-	-	
Advocacy		-	6,586	6,586	-	-	
benefits		2,170,705	342,371	2,513,076	-	-	
Technical Support for Health Services		251,566	162,629	414,196	-	-	
Monitoring Evaluation & research costs		15,431	23,600	39,032	-	-	
		42,164	55,697	97,861	-	-	
		<u>2,638,162</u>	<u>704,977</u>	<u>3,343,139</u>			
Total expenditure		<u>2,638,162</u>	<u>704,977</u>	<u>3,343,139</u>			
Balance		<u>(350,650)</u>	<u>65,335</u>	<u>(285,315)</u>			
Represented by:							
Bank balances	Note 3	39,431	81,890	121,321	-	-	
FCDA-core	Note 3	(316,750)	(70,000)	(386,750)	-	-	
Receivables	Note 4	3,637	54,822	58,459	5,623	-	Note 7
Payables	Note 5	(76,969)	(1,377)	(78,346)	-	-	
		<u>(350,650)</u>	<u>65,335</u>	<u>(285,316)</u>	<u>5,623</u>	<u>-</u>	

The fund accountability statement has been approved by the management on 12/10/22 and is signed on its behalf by:


EXECUTIVE DIRECTOR


DIRECTOR OF FINANCE

**AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI
ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC
CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR)
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00**

**FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

REVENUE

	Note	Budget Amount US\$	Budget Amount MK	Actual Amount US\$	Actual Amount MK	Unsupported payments US\$	Ineligible costs US\$	Note
Opening balance		-	-	(97,370)	(111,286,466)	-	-	
Grant Income	Note 2	2,974,443	2,171,343,119	2,454,855	1,931,374,107	-	-	
Forex gain		-	-	85,368	67,163,764	-	-	
Grant refunds		-	-	(155,342)	(125,093,188)	-	-	
		<u>2,974,443</u>	<u>2,171,343,119</u>	<u>2,287,510</u>	<u>1,762,158,218</u>	<u>-</u>	<u>-</u>	
Expenditure								
Financial recovery and sustainability		165,127	120,542,863	158,295	122,729,502	-	-	
Salaries, wages and benefits		2,565,822	1,873,050,412	2,170,705	1,682,992,946	-	-	
Cordination and Technical Support for Health Services Monitoring		126,185	92,115,260	251,566	195,044,769	-	-	
Evaluation & research Secretariate operation costs		54,900	40,077,116	15,431	11,964,321	-	-	
		62,407	45,557,468	42,164	32,690,838	-	-	
Total expenditure		<u>(2,974,443)</u>	<u>(2,171,343,119)</u>	<u>(2,638,160)</u>	<u>(2,045,422,376)</u>	<u>-</u>	<u>-</u>	
Balance		<u>-</u>	<u>-</u>	<u>(350,650)</u>	<u>(283,264,158)</u>			

Represented by:

Bank balances	Note 3			39,431	31,853,081	-	-	
FCDA-core	Note 3			(316,750)	(255,878,294)	-	-	
Receivables	Note 4			3,637	2,938,188.53	2,236	-	Note 7
Payables	Note 5			(76,969)	(62,177,133)	-	-	
				<u>(350,650)</u>	<u>(283,264,158)</u>	<u>2,236</u>	<u>-</u>	

The fund accountability statement has been approved by the management on 12/18/22 and is signed on its behalf by:


EXECUTIVE DIRECTOR


DIRECTOR OF FINANCE

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI
OPTIMIZING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S
EMERGENCY PLAN FOR AIDS RELIEF (PEPFAR)

GRANT NO: 1 NU2GGH002263-01-00

FUND ACCOUNTABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

REVENUE

	Note	Budget Amount US\$	Budget Amount MK	Actual Amount US\$	Actual Amount MK	Unsupported payments US\$	Ineligible costs US\$	Note
Opening balance		186,906	136,441,202	177,196	136,425,117	-	-	
Grant Income	Note 2	1,833,928	1,338,767,513	572,259	447,363,259	-	-	
Forex gain		10,722	7,827,028	20,785	16,248,427	-	-	
Other income		77	55,988	72	55,988	-	-	
		<u>2,031,633</u>	<u>1,483,091,731</u>	<u>770,312</u>	<u>600,092,791</u>	<u>-</u>	<u>-</u>	

Expenditure

Financial recovery and sustainability		332,526	242,744,166	114,093	88,577,207	-	-	
Networking and Advocacy		18,507	13,510,315	6,586	5,113,128	-	-	
Salaries, wages and benefits		882,047	643,894,512	342,371	265,802,374	-	-	
Cordination and Technical Support for Health Services		382,503	279,227,300	162,629	126,258,532	-	-	
Monitoring Evaluation & research		66,318	48,412,163	23,600	18,322,117	-	-	
Secretariate operation costs		152,026	110,979,058	55,697	43,240,474	-	-	
Total expenditure		<u>(1,833,928)</u>	<u>(1,338,767,513)</u>	<u>(704,977)</u>	<u>(547,313,832)</u>	<u>-</u>	<u>-</u>	
Balance		<u>197,704</u>	<u>144,324,218</u>	<u>65,335</u>	<u>52,778,959</u>			

Represented by:

Bank balances	Note 3			81,890	66,153,063	-		
FCDA-core	Note 3			(70,000)	(56,547,750)	-		
Receivables	Note 4			54,822	44,286,241	3,387		
Payables	Note 5			(1,377)	(1,112,595)	-		Note 7
				<u>65,335</u>	<u>52,778,959</u>	<u>3,387</u>		


EXECUTIVE DIRECTOR


DIRECTOR OF FINANCE

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR)
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AND

OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

NOTES TO THE FUNDS ACCOUNTABILITY STATEMENTS

1. ACCOUNTING POLICIES ACCOUNTING POLICIES

The principal accounting policies, which are set out below have been consistently followed in all material respects. The principal accounting policies, which are set out below have been consistently followed in all material respects.

1.1 Basis of accounting

The fund accountability statement has been prepared using the cash basis as modified by the inclusion of receivables and payables. Revenues are recorded when credited to project bank account and expenses are recorded when paid.

1.2 Income

This represents US Dollar transfers received from CDC Washington into CHAM Project's bank account with Reserve Bank of Malawi. Other income relates to interest received in the project's bank accounts.

1.3 Equipment

Christian Association of Malawi project maintained some assets under this project is in maintenance of assets budget line in the fund accountability statement.

1.4 Foreign currency and exchange rates

All USD transactions in the month are booked in MWK by converting them using the Oanda exchange rates at the last day of the previous month. This is applied consistently with the exception of those transactions that we convert USD to MWK, which are converted at a rate negotiated with National Bank and booked with the negotiated rate.

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

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NOTES TO THE FUNDS ACCOUNTABILITY STATEMENT (CONTINUED)

Monthly OANDA average exchange rates are used to convert all MWK values to USD for reporting purposes and the rates used in this period are as follows:

Month	Rate used
January-21	757.23
February-21	761.90
March-21	770.56
April-21	775.11
May-21	776.99
June-21	783.42
July-21	789.45
August-21	800.50
September-21	805.27
October-21	804.35
November-21	801.45
December-21	807.83

1.5 Balance of cash in CDC Bank account

The bank balances in the project books are reconciled to the amount on the statement by the bank at the same date.

1.6 Exchange rates

Exchange rates (1USD/MK) for the period from 1 January 2021 to 31 December 2021 were as follows:

(source: www.rbm.mw)

1 January 2021 1: MK757.2300

31 December 2021 1: MK807.8250

As at the date of report the rate was MK 1,028.4775

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

NOTES TO THE FUNDS ACCOUNTABILITY STATEMENT (CONTINUED)

2. RECEIPTS

i) COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

Funds received from CDC are as follows:

Date	Details	Foreign currency USD	Exchange rates	Amount in MK
23/02/21	Funding from CDC	44,087	761.90	33,589,810
15/03/21	Funding from CDC	367,543	770.56	283,212,999
15/06/21	Funding from CDC	177,812	783.42	139,301,195
23/07/21	Funding from CDC	215,854	789.45	170,405,761
23/07/21	Funding from CDC	162,680	789.45	128,428,086
23/07/21	Funding from CDC	154,279	789.45	121,795,379
23/07/21	Funding from CDC	150,638	789.45	118,921,383
23/07/21	Funding from CDC	1,016,527	789.45	802,498,628
30/08/21	Funding from CDC	165,435	805.27	133,220,867
		<u>2,454,855</u>		<u>1,931,374,107</u>

COOPERATIVE AGREEMENT NO.: 1 NU2GGH002263-01-00

Date	Details	Foreign Currency USD	Exchange rates	Amount MK
26/02/21	Funding from CDC	233,287	770.56	179,761,056
7/7/2021	Funding from CDC	338,973	789.45	267,602,203
		<u>572,259</u>		<u>447,363,259</u>

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

NOTES TO THE FUNDS ACCOUNTABILITY STATEMENT (CONTINUED)

3. BANK BALANCES

i) COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

	US\$	MK
Operating account	39,430.67	31,853,081
FCDA dollar account	(316,749.66)	(255,878,294)
	<u>(277,318.99)</u>	<u>(224,025,213)</u>

ii) COOPERATIVE AGREEMENT NO.: 1 NU2GGH002263-01-00

	US\$	MK
Operating account	81,890	66,153,063
FCDA dollar account	(70,000)	(56,547,750)
	<u>11,890</u>	<u>9,605,313</u>

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

**ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00**

AND

**OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00**

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

NOTES TO THE FUNDS ACCOUNTABILITY STATEMENT (CONTINUED)

4. RECEIVABLES

i) COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

	US\$	MK
Unliquidated cash advances	2,173	1,755,650
Puma filling station	1,464	1,182,539
	<u>3,637</u>	<u>2,938,189</u>

ii) COOPERATIVE AGREEMENT NO.: 1 NU2GGH002263-01-00

	US\$	MK
Unliquidated cash advances	51,209	41,367,913
Puma filling station	3,613	2,918,329
	<u>54,822</u>	<u>44,286,242</u>

6. PAYABLES

i) COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

	US\$	MK
Salary control account	75,329	60,853,000
Malawi Revenue Authority(WHT)	1,639	1,324,133
	<u>76,969</u>	<u>62,177,133</u>

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

**ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00**

AND

**OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00**

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

NOTES TO THE FUNDS ACCOUNTABILITY STATEMENT (CONTINUED)

ii) COOPERATIVE AGREEMENT NO.: 1 NU2GGH002263-01-00

	US\$	MK
CHAM Units	58	46,804
Withholding tax	177	142,840
Salary control account	1,143	922,951
	<u>1,377</u>	<u>1,112,595</u>

7. QUESTIONED COSTS

	Unliquidated amount	
	MK	USD
HRH project		
Michael Phiri	193,000.00	239.02
Mary Botoman	1,207,930.00	1,495.98
Mathias John	404,299.80	500.71
Total amount	1,805,229.80	2,235.71
VMMC preservice		
Michael Phiri	72,000.00	89.17
Naphtary Chabwera	2,383,958.23	2,952.45
Mwayi Kanyinji	279,000.00	345.53
Total amount	2,734,958.23	3,387.15

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

**ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00**

AND

**OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00**

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

AUDITOR'S REPORT ON INTERNAL CONTROLS

We have audited the fund accountability statement of Christian Health Association of Malawi "Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi Under the President's Emergency Plan for aids relief (PEPFAR) in Malawi Project and -"Optimizing Human Resources for Health Sustain Epidemic Control in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR) in Malawi Project for the period from January 1, 2021 to 31 December 2021 and have issued our report on it dated 19th October 2022

We conducted our audit in accordance with *U.S. Government Auditing Standard* issued by the Comptroller General of the United States. In planning and performing our audit, we considered the project's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the effectiveness of project's internal control. Our procedures were designed for the purpose of expressing an opinion on the fund accountability statement but not for the purpose of expressing an opinion on the effectiveness of the projects' internal control. Accordingly, we do not express an opinion on the effectiveness of project's internal control.

The management of the Christian Health Association of Malawi "Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi Under the President's Emergency Plan for aids relief (PEPFAR) in Malawi Project and - "Optimizing Human Resources for Health Sustain Epidemic Control in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR) in Malawi Project for the period December 31, 2021" Project is responsible for establishing and maintaining internal control.

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Audit . Tax . Advisory

Directors: Cornwell Banda, Dorothy Ngwira Mrs, Victoria Nkhoma Mrs

In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorised use or disposition; transactions are executed in accordance with management's authorisation and in accordance with the terms of agreements; and transactions are recorded properly to permit the preparation of the fund accountability statement in conformity with the basis of accounting adopted described in note 1 to the fund accountability statement.

Because of inherent limitations in any internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal controls exists when the design or operation of a control does allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. No significant deficiencies in internal control considered to be material weaknesses were identified.

We however noted certain matters involving internal control and its operation that we have reported in a separate management letter to the management of Christian Association of Malawi and CDC dated

This report is intended solely for the information Christian Health Association of Malawi and CDC. However, upon release by CDC, this report is a matter of public record and its distribution is not limited.



Graham Carr
19th October 2022

AUDIT OF CDC RESOURCES MANAGED BY CHRISTIAN HEALTH ASSOCIATION OF MALAWI

**ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00**

AND

**OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00**

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

**AUDITOR'S REPORT ON
COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS**

We have audited the fund accountability statement of the Christian Health Association of Malawi "Assist the Ministry of Health to Provide Critical Human Resources for Health to achieve HIV Epidemic Control in Malawi Under the President's Emergency Plan for aids relief (PEPFAR) in Malawi Project and -"Optimizing Human Resources for Health Sustain Epidemic Control in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR) in Malawi Project for the period from January 1, 2021 to 31 December 2021 and have issued our report on it dated 19th October 2022

We conducted our audit in accordance with *U.S. Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the determination of the fund accountability statement amounts.

Compliance with the agreement terms and laws and regulations is the responsibility of Christian Health Association of Malawi "Assist the Ministry of Health Provide Critical Human Resources for the Health to Achieve HIV Epidemic control in Malawi" Project management.

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Audit . Tax . Advisory

Directors: Cornwell Banda, Dorothy Ngwira Mrs, Victoria Nkhoma Mrs

As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of Christian Health Association of Malawi "Assist the Ministry of Health Provide Critical Human Resources for the Health to Achieve HIV Epidemic control in Malawi", Malawi's compliance with certain provisions of agreement terms and the laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of non-compliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the fund accountability statement. The results of our compliance tests disclosed the following instances of noncompliance:

The results of our tests on compliance disclosed that:

- There was late submission of reports. Finding 4

We considered instances of non-compliance in forming an opinion on whether fund accountability statement is presented fairly, in all material respects, in accordance with the terms of agreements and in conformity with the basis of accounting described in Note 2.1 to the fund accountability statement, and this report does not affect our report on the fund accountability statement dated 19th October 2022

This report is intended solely for the use of Christian Health Association of Malawi and CDC. However, upon release by CDC, this report is a matter of public record and its distribution is not limited.



Graham Carr
19th October 2022

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

AND

OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

BUDGET RECONCILIATION FOR 5 NU2GGH002057-03-00

APPENDIX I

CoAg Number (s): GH002057

Audit period: [1st January 2021 to 31st December 2021]

Associated Budget Period A: Start (1/January/2021) to End (29/September/2021)

Budget Category	Approved Budget (annual)	FY Period related to Budget Year	Actual PMS drawdowns made in the period under Audit	Actual expenditure incurred in the period under Audit
Salary & Wages	\$307,981.08	(month) 30 th September 2020 to 29 th September 2021	9/1/2021	\$186,753.20
Fringe Benefits	\$141,939.53		7/26/2021	\$47,648.66
Consultants				
Equipment				
Supplies	\$15,573.00		7/26/2021	\$12,457.18
Travel	\$159,512.88		7/26/2021	\$13,578.30
Other	\$1,960,025.94		7/26/2021	\$1,665,353.19
Contracts	\$147,860.27		7/26/2021	
Total direct cost	\$2,732,892.70		7/26/2021	\$1,925,790.52
Indirect costs			7/26/2021	\$154,278.58
			7/26/2021	\$162,680.25
			6/16/2021	\$177,811.64
			3/17/2021	\$367,542.74
		2/24/2021	\$44,087.19	
Total	\$2,732,892.70		\$2,454,854.90	\$1,925,790.52

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

AND

OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

CoAg Number (s): GH002057

APPENDIX I-continued

Associated Budget Period B: Start (30th September 2021) to End (31th December 2021)

Budget Category	Approved Budget (annual)	FY Period related to Budget Year	Actual PMS drawdowns made in the period under Audit	Actual expenditure incurred in the period under Audit
Salary & Wages	\$306,054	30 th September 2021 to 29 th September 2022		\$60,709.13
Fringe Benefits	\$60,234			\$8,418.23
Consultants	0			
Equipment	0			
Supplies	\$6,631			
Travel	\$46,386			\$2,029.16
Other	\$2,504,149			\$641,213.74
Contracts	\$106,479			
Total direct cost	\$3,029,933			\$712,370.25
Indirect costs				
Total	\$3,029,933			\$712,370.25

Narrative

The Budget year for CDC is 30 September to 29 September the following year, whereas the Fiscal year for *Christian Health Association of Malawi* is Cop21 which overlaps two CDC budget periods; 30th September 2020-29th September 2021 and 30 September 2021 to 29th September 2022. The tables above reconcile the budgets for the two budget periods.

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

AND

OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

BUDGET RECONCILIATION FOR 5 NU2GGH002057-03-00 *APPENDIX I continued*

Total funds approved for Budget Period A was \$2,732,892.70. This period aligns with the following months 1st January 2021 to 29th September 2021 period of the [Christian Health Association of Malawi fiscal year.

During the period under review, Christian Health Association of Malawi drew down a total of \$2,454,854.90 representing 84% of the total draw down made during the budget period 30th September 2020 to 29th September 2021. In the same audit period, a total of \$1,925,790.52 was expended leaving a balance of \$529,064.38.

Total funds approved for Budget Period B was \$3,029,933. This period aligns with the following months 30th September 2021 to December 2022 period of the Christian Health Association of Malawi fiscal year.

For budget period 30th September 2021 to 29th September 2022 Christian Health Association of Malawi drew down a total of \$0 and \$712,370.25 was expended leaving a balance of -\$712,370.25. The reconciliation therefore shows that Christian Health Association of Malawi did not exceed the overall ceilings of both budget years.

However, the reconciliation is revealing that CHAM had spent more than what it drew down during the fiscal year (January to December 2021) by \$183,305.87. This is because CHAM is on manual drawdown and hence there were funds at the beginning of the year and during the period, CHAM had borrowed funds.

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NUMBER: 5 NU2GGH002057-03-00

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OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
COOPERATIVE AGREEMENT NO.1 NU2GGH002263-01-00

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

BUDGET RECONCILIATION FOR 1 NU2GGH002263-01-00

APPENDIX II

CoAg Number NU2GGH002263

Audit period: [1 JANUARY 2021 – 31 DECEMBER 2021]

Associated Budget Period A: Start (1/January/2021) to End (29/September/2021)

Budget Category	Approved Budget (annual)	FY Period related to Budget Year	Actual PMS drawdowns made in the period under Audit	Actual expenditure incurred in the period under Audit	
Salary & Wages	\$254,376	January 2021 to September 2021	02/24/2021 - \$233,286.86 7/01/2021 - \$338,972.53	\$2,738.37	
Fringe Benefits	\$119,802			\$71,780.14	
Consultants	\$55,210			\$1,025.46	
Equipment	\$52,900			\$19,882.85	
Supplies	\$13,114			\$95,631.36	
Travel	\$62,647			\$979.06	
Other	\$763,991			\$298,523.89	
Contracts					
Total direct cost	\$1,322,040			\$490,561.13	
Indirect costs					
Total	\$1,322,040			\$572,259.40	\$490,561.13

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
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OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

BUDGET RECONCILIATION FOR 1 NU2GGH002263-01-00 *APPENDIX II continued*

CoAg Number: NU2GGH002263

Associated Budget Period B: Start (30/September/2021) to End (31/December/2021)

Budget Category	Approved Budget (annual)	FY Period related to Budget Year	Actual PMS drawdowns made in the period under Audit	Actual expenditure incurred in the period under Audit
Salary & Wages	\$370,107	September 2021 to December 2021	List date and amount	\$66,846.74
Fringe Benefits	\$ 97,069			\$9,269.30
Consultants	\$15,244			\$0
Equipment	\$528,280			\$0
Supplies	\$171,642			\$17,436.59
Travel	\$ 58,801			\$3,385.38
Other	\$1,236,503			\$117,477.94
Contracts				
Total direct cost	\$2,477,645			\$214,415.96
Indirect costs				
Total	\$2,477,645			\$214,415.96

Narrative

The Budget year for CDC is 30 September to 29 September the following year, whereas the Fiscal year for *Christian Health Association of Malawi (CHAM)* is 1 January to 31 December which overlaps two CDC budget periods; 30 September 2020 to 29 September 2021 & 30 September 2021 to 29 September 2022 e.g. A&B. The tables above reconcile the budgets for the two budget periods.

ASSIST THE MINISTRY OF HEALTH TO PROVIDE CRITICAL HUMAN RESOURCES FOR HEALTH TO ACHIEVE HIV EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
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OPTIMISING HUMAN RESOURCES FOR HEALTH TO SUSTAIN EPIDEMIC CONTROL IN MALAWI UNDER THE PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF(PEPFAR) PROJECT
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FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 DECEMBER 2021

BUDGET RECONCILIATION FOR 1 NU2GGH002263-01-00 *APPENDIX II*
continued

Total funds approved for Budget Period A was \$1,322,040. This period aligns with the following months *January to September* period of the *January to December* fiscal year. Total funds approved for Budget Period B was \$2,477,645. This period aligns with the following months *September to December* period of the *January to December* fiscal year.

During the period under review, *CHAM* drew down a total of \$572,259.39 representing 74% of the total draw down made during the budget period A. In the same audit period, a total of \$490,561.13 was expended leaving a balance of \$81,698.27.

For budget period B, *CHAM* drew down a total of \$0 and \$214,415.96 was expended leaving a balance of -\$214,415.10. The reconciliation therefore shows that *CHAM* did not exceed the overall ceilings of both budget years.

However, the reconciliation is revealing that *CHAM* had spent more than what it drew down during the fiscal year (January to December 2021) by \$132,717.69. This is because there were funds at the beginning of the year and also *CHAM* had borrowed some funds during the period. *CHAM* is on manual drawdown.