



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

MEMORANDUM

DATE: August 6, 2025

TO: USAID, Deputy Administrator for Management and Resources, Kenneth Jackson
USAID, Acting Chief Financial Officer, Douglas A. Pitkin

FROM: USAID OIG Africa Regional Office, Audit Director, Ryan Werner /s/

SUBJECT: Financial Closeout Audit of USAID Resources Managed by The Training and Research Unit of Excellence Limited in Malawi, Cooperative Agreement 72061221CA00001, January 1, 2023, to February 29, 2024 (Report No. 4-612-25-126-R)

This memorandum transmits the final closeout audit report on USAID resources managed by The Training and Research Unit of Excellence Limited (TRUE) under Leveraging Local Capacity to Strengthen Health Service Delivery (Malaria) in Malawi project. TRUE contracted with the independent audit firm AMG Global, Lilongwe, Malawi 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 an external peer review and a continuing professional education 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 TRUE'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 TRUE's internal controls; (3) determine whether TRUE complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, AMG Global (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 TRUE as incurred from January 1, 2023, to February 29, 2024; (2) evaluated the control environment,

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.

the adequacy of the accounting systems, and control procedures that pertain to TRUE'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; and (4) reviewed the implementation status of the prior period recommendations. TRUE reported expenditures of \$377,256 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 awards for the period audited. The audit firm identified \$7,159 in total questioned costs (\$5,104 ineligible and \$2,055 unsupported). The audit firm identified 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/Malawi determine the allowability of the \$7,159 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

Accordingly, we are not making any recommendations.

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.