



MEMORANDUM

DATE: September 30, 2019

TO: USAID/Rwanda, Mission Director, Leslie Marbury

FROM: USAID OIG Africa Regional Office, Assistant Director, Louis Duncan, Jr. /s/

SUBJECT: Financial Audit of USAID Resources Managed by African Evangelistic Enterprise in Rwanda Under Multiple Awards, January 1 to December 31, 2018 (Report No. 4-696-19-132-R)

This memorandum transmits the final audit report on USAID resources managed by African Evangelistic Enterprise (AEE) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Strengthening Civil Society to Support Vulnerable Populations (Ubaka Ejo Program) (cooperative agreement)	AID-696-A-12-00005	Jan 1- Dec 31, 2018	
Improved Services for Vulnerable Population, Twiyubake program (subcontract)	ISVP-PC-16-01	Jan 1- Dec 31, 2018	Global Communities
Gikuriro Program (subagreement)	RW.16.SUBAGR.83 49.P1517676.01.00	Jan 1- Dec 31, 2018	Catholic Relief Services
Huguka Dukore Program (subaward)	2018-0010	Jan 1 - Dec 31, 2018	Education Development Center, Inc.

AEE contracted with the independent certified public accounting firm RUMA Certified Public Accountants (RUMA), Kigali, Rwanda to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS). The audit firm states that it performed its audit in accordance with GAGAS except that the audit firm did not have continuing professional education and external quality review programs as required by GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it.

We do not express an opinion on AEE's fund accountability statement; 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 fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate AEE's internal controls; (3) determine whether AEE complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of prior period recommendations.

To answer the audit objectives, RUMA (1) audited the fund accountability statement for the award 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 AEE as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to AEE's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (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 fund accountability statement; (4) determined that indirect cost rate is not applicable; and (5) reviewed the implementation status of prior period recommendations. AEE reported expenditures of \$3,565,081 in USAID funds during the audited period.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. Notwithstanding, the auditors identified \$9,415 in ineligible questioned costs. The audit firm reported no deficiencies in internal control and two instances of material noncompliance directly related to the identified questioned costs. Since the questioned costs did not meet the OIG's established threshold of \$25,000, we are not making recommendations to address them or the two instances of material noncompliance. Nevertheless, we suggest that USAID/Rwanda determine the allowability of the \$9,415 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 a minor issue which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated September 30, 2019.

We appreciate the assistance extended during the engagement.

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").

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.