



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

MEMORANDUM

DATE: February 15, 2024

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Supervisory Auditor, Sheree Marshall

FROM: Director of External Financial Audit Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Financial Audit of USAID Resources Managed by Rural Agency for Community Development and Assistance in Kenya Under USAID Award No.720BHA21GR00380 for the Fiscal Year Ended December 31, 2022 (3-000-24-033-R)

This memorandum transmits the final audit report on the recipient contracted audit of Rural Agency for Community Development and Assistance in Kenya (RACDA) for the fiscal year ended December 31, 2022. RACDA contracted with the independent certified public accounting firm PKF Kenya LLP (PKF) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. However, PKF does not have a continuing education program that fully satisfies the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on RACDA'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 schedule of expenditures for the period audited, was presented fairly, in all material respects; (2) ascertain whether all material instances of non-compliance and all illegal acts that have occurred or are likely to have occurred are identified; (3) assess that RACDA's schedule of expenditures are in conformity with the award terms and applicable laws and regulations, (4) evaluate RACDA's internal controls related to the U.S. Agency For International Development (USAID) funded program. To answer the audit objectives, the audit firm (a) reviewed RACDA's internal control structure related to USAID programs to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in

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.

operation; (b) evaluated the design and operation of internal control structure to identify deficiencies that would be considered significant and material; and (c) evaluated the control environment for adequacy of the accounting systems and control procedures with emphasis on the policies and procedures that pertain to RACDA. PKF audited \$6,733,932 of expenditure for the year ended December 31, 2022.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed by USAID for the year ended December 31, 2022, in accordance with the terms of the agreements and in conformity with the modified accrual basis of accounting. The audit firm did not identify any material weaknesses or significant deficiencies in internal control. In addition, PKF did not disclose any instances of noncompliance and did not question any costs.

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.