



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 12, 2022

TO: USAID/Democratic Republic of the Congo, Mission Director, John Dunlop

FROM: USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

SUBJECT: Financial Audit of USAID Resources Managed by African Parks Network in Multiple Countries Under Multiple Awards, January 1 to December 31, 2021 (Report No. 4-605-22-092-R)

This memorandum transmits the final audit report USAID resources managed by African Parks Network (APN) under the Central Africa Forest Ecosystems Conservation, Garamba-Chinko Protected Area activity, cooperative agreement AID-605-A-16-00002; and Community-Based Counter Wildlife Trafficking activity, cooperative agreement 72060518CA00004. Both awards support USAID objectives in the Democratic Republic of the Congo and Central African Republic. APN contracted with the independent audit firm KPMG Rwanda Limited (KPMG), Kigali, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. 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 APN'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 APN's internal controls; (3) determine whether APN 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, KPMG (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 APN as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to APN's ability to report financial

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.

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) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. APN reported expenditures of \$5,138,553 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 audited. The audit firm identified \$70,379 in total questioned costs (\$47,724 ineligible and \$22,655 unsupported); no material weaknesses in internal control; and one instance of material noncompliance. The audit firm also calculated that the questioned costs above, if determined to be unallowable, would result in indirect costs being overcharged by \$6,425. We have included this amount in Recommendation 1. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Democratic Republic of the Congo determine if the recipient addressed the issues noted. The audit firm issued a management letter.

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 September 12, 2022.

To address the issues identified in the report, we recommend that USAID/Democratic Republic of the Congo:

Recommendation 1. Determine the allowability of \$76,804 in questioned costs (\$54,149 ineligible, \$22,655 unsupported) on pages 15 to 16, 32, and 34 to 35 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that African Parks Network corrects the one instance of material noncompliance detailed on page 32 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").