



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** December 6, 2023

**TO:** USAID/Kenya and East Africa, Mission Director, David Gosney

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Ananda Marga Universal Relief Team in Kenya Under Multiple Awards, January 1 to December 31, 2022 (Report No. 4-615-24-045-R)

This memorandum transmits the final audit report on USAID resources managed by Ananda Marga Universal Relief Team (AMURT) under the following awards:

Award Name (Type)	Award Number	Audited Period	Prime Implementer
USAID Tujitegemee (cooperative agreement)	72061521CA00005	Jan. 1 - Dec. 31, 2022	
USAID 4BetterHealth Program (subaward) - closeout	72061521CA00013	Jan. 1 - Sep. 30, 2022	St. John's Community Centre (SJCC)
USAID Fahari ya Jamii Project (subaward)	72061521CA00014	Jan. 1 - Dec. 31, 2022	University of Nairobi (UON)

AMURT contracted with the independent audit firm PricewaterhouseCoopers LLP, Nairobi, Kenya 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 or 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 AMURT's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 AMURT's internal controls; (3) determine whether AMURT complied with award

<sup>1</sup> 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.

terms and applicable laws and regulations; (4) reviewed the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, PricewaterhouseCoopers (1) audited the schedule of expenditures of USAID awards 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 AMURT as incurred from January 1 to December 31, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to AMURT'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; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. AMURT reported expenditures of \$5,575,014 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 \$37,127 in questioned costs (\$36,762 ineligible and \$365 unsupported); \$4,248 unsupported cost-sharing contributions; one material weakness in internal control; and two instances of material noncompliance. One of the material instances of noncompliance is related to an open prior period finding and will not be recommended and the other relates to the questioned cost-sharing contributions and will be recommended as such. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Kenya and East Africa determine if the recipient addressed the issues noted. The audit firm issued a management letter.

During our desk review, we noted one area for improvement which the audit firm should address in future audit reports. We presented this area in a memo to the controller, dated December 6, 2023.

To address the issues identified in the report, we recommend that USAID/Kenya and East Africa:

**Recommendation 1.** Determine the allowability of \$37,127 in questioned costs (\$36,762 ineligible and \$365 unsupported) on page 24 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Ananda Marga Universal Relief Team corrects the one material weakness in internal control detailed on page 45 of the audit report.

**Recommendation 3.** Determine the allowability of \$4,248 in unsupported cost-sharing contributions on pages 58 and 62 of the audit report and take any corrective action deemed necessary under ADS 303.3.10.

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”). 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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).