



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

MEMORANDUM

DATE: June 7, 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 Children of God Relief Institute in Kenya Under Cooperative Agreement AID-623-A-13-00001, January 1, 2021, to December 31, 2022 (Report No. 4-623-23-008-N)

This memorandum transmits the final audit report on USAID resources managed Children of God Relief Institute (COGRI) under the Integrated Program for both HIV Infected and Affected Children and Their Households. USAID/Kenya and East Africa 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 COGRI'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 COGRI's internal controls; (3) determine whether COGRI 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, PricewaterhouseCoopers LLP. (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 COGRI as incurred from January 1, 2021, to December 31, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to COGRI'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

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.

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. COGRI reported expenditures of \$2,828,357 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 except for \$171,458 in total questioned costs (\$36,025 ineligible and \$135,433 unsupported); five material weaknesses in internal control; and two instances of material noncompliance. In addition, 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 also issued a separate management letter as well as an appendix to the audit report with results of specific procedures requested by the USAID/Kenya and East Africa.

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

Recommendation 1. Determine the allowability of \$171,458 in questioned costs (\$36,025 ineligible, \$135,433 unsupported) on pages 12, 15, and 21 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Children of God Relief Institute corrects the five material weaknesses in internal control detailed on pages 24 to 29 of the audit report.

Recommendation 3. Verify that Children of God Relief Institute corrects the two instances of material noncompliance detailed on pages 37 to 39 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").