



MEMORANDUM

DATE: August 7, 2019

TO: USAID/Kenya & East Africa, Mission Director, Mark Meassick
USAID/M/OAA/CAS/CAM, Branch Chief, David McNeil
USAID/Dominican Republic, Acting Mission Director, Haven Cruz-Hubbard

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

SUBJECT: Financial Audit of USAID Resources Managed by Christian Aid in Multiple Countries Under Multiple Awards, April 1, 2017, to March 31, 2018 (Report No. 4-615-19-121-R)

This memorandum transmits the final audit report on USAID resources managed by Christian Aid under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime implementer
European Interagency Security Forum (EISF) (grant)	AID-OFDA-G-17-00049	April 1, 2017- March 31, 2018	
Fisheries Integration of Society Habits (FISH) – Malawi (subaward)	AID-612-A-14-00004	April 1, 2017- March 31, 2018	PACT
Comprehensive Assistance Support and Empowerment (CASE) in Central, Eastern and Part of Rift Valley (OVC) (cooperative agreement)	AID-615-A-17-00002	April 1, 2017- March 31, 2018	
Undocumented people of Haitian Descent Living in the Dominican Republic (cooperative agreement)	AID-517-A-16-00002	April 1, 2017- March 31, 2018	
Strengthen the Capacity of the Humanitarian Sector to Deliver Age and Disability Inclusive Humanitarian Assistance – closeout (subaward)	AID-OFDA-G-16-00210	April 1, 2017- Feb. 28, 2018	Help Age International

Christian Aid contracted with the independent certified public accounting firm Crowe U.K. LLP, London, United Kingdom 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 an external quality control review program that fully satisfied 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 Christian Aid'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 Christian Aid's internal controls; (3) determine whether Christian Aid 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, Crowe U.K. LLP (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 Christian Aid as incurred from April 1, 2017, to March 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Christian Aid'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) reviewed the indirect cost rate; and (5) reviewed the implementation status of prior period recommendations. Christian Aid reported expenditures of \$5,496,551 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited except for \$69,078 in total questioned costs (\$54,660 ineligible and \$14,418 unsupported). The audit firm also reported one significant deficiency in internal control and three instances of material noncompliance. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that the USAID/Kenya and East

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.

Africa determine if the recipient addressed the issue noted. The audit firm also issued a management letter.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated August 7, 2019.

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

Recommendation 1. Determine the allowability of \$54,660 in ineligible questioned costs on pages 13 and 21 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Christian Aid corrects the one instance of material noncompliance detailed on page 29 of the audit report.

To address the issues identified in the report, we recommend that M/OAA/CAS/CAM:

Recommendation 3. Determine the allowability of \$193 in unsupported questioned costs on pages 19 and 21 of the audit report and recover any amount that is unallowable.

Recommendation 4. Verify that Christian Aid corrects the one instance of material noncompliance detailed on page 27 of the audit report.

To address the issues identified in the report, we recommend that USAID/Dominican Republic:

Recommendation 5. Determine the allowability of \$14,225 in unsupported questioned costs on pages 19 and 21 of the audit report and recover any amount that is unallowable.

Recommendation 6. Verify that Christian Aid corrects the one instance of material noncompliance pertaining to award AID-517-A-16-0002 detailed on page 28 of the audit report.

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