



MEMORANDUM

DATE: January 21, 2021

TO: USAID Bureau for Humanitarian Assistance (USAID/BHA), Assistant to the Administrator, Trey Hicks

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Financial Audit of USAID Resources Managed by Relief Society of Tigray in Ethiopia Under Multiple Agreements, January 1 to December 31, 2019 (Report No. 4-000-21-026-R)

This memorandum transmits the final audit report USAID resources managed by Relief Society of Tigray (REST) under the following multiple agreements:

Award Name (Type)	Award Number	Period Audited	Prime Implementer
Title II Development Food Assistance Program (cooperative agreement)	AID-FFP-A-16-00006	Jan. 1 – Dec. 31, 2019	
Conference of Catholic Bishops Joint Emergency Operation (subaward)		Jan. 1 – Dec. 31, 2019	Catholic Relief Services - AID-FFP- A-12-00009
Promoting Opportunities Through Training, Education, Transition Investment and Livelihoods for Youth (subaward)		Jan. 1 – Dec. 31, 2019	Save The Children International - AID-663-A-15-00006
Caring for Vulnerable Children Activity (subaward)		Jan. 1 – Dec. 31, 2019	Family Health International - AID-663-A-17-00007
Feed the Future Ethiopia – Livelihood for Resilience Activity (subaward)		Jan. 1 – Dec. 31, 2019	CARE Ethiopia - AID-663-A-17-00001
Natural Resource and Agricultural Development Project (subaward)		Jan. 1 – Dec. 31, 2019	CARE-REST 001/2019

REST contracted with the independent certified public accounting firm Tesfaye Teferi Anbesse, Addis Ababa, Ethiopia, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on REST'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 REST's internal controls; (3) determine whether REST 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, Tesfaye Teferi Anbesse (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 REST as incurred from January 1 to December 31, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to REST'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) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. REST reported expenditures of \$16,930,188 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 award for the period audited. The audit firm identified no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiency noted in the report, we suggest that USAID/BHA determine if the recipient addressed the issues noted.

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 January 21, 2021.

Accordingly, we are not making any recommendations.

OIG does not routinely distribute independent public accounting reports beyond the immediate

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.

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”).