



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 27, 2022

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch, Supervisory Auditor, Eleanor C. Jefferson

FROM: Director of External Financial Audits Division (IG/A/EFA), David A McNeil /s/

SUBJECT: Financial Audit of KNCV Tuberculosis Foundation Under Multiple, USAID Awards for the Fiscal Year Ended September 30, 2017 (3-000-22-015-R)

This memorandum transmits the final audit report on KNCV Tuberculosis Foundation (KNCV) for the fiscal year (FY) ended September 30, 2017. KNCV contracted with the independent certified public accounting firm of Sayer Vincent LLP to conduct the audit. The audit firm stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and Guidelines for Financial Audits Contracted by Foreign Recipients.¹ However, it did not have an external peer review as required by GAGAS, since no such program is offered by professional organizations in the United Kingdom, and it did not have a continuing professional education program that met GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on KNCV's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

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 KNCV's internal controls; and (3) determine whether KNCV complied with award terms and applicable laws and regulations. To answer the audit objectives, Sayer Vincent LLP reviewed applicable documents and information relevant to USAID programs, examined underlying documentation that supported financial transactions relevant to USAID programs, evaluated compliance procedures applicable laws and regulations and evaluated the effectiveness of internal controls relevant to detecting material non-compliance. The report on the fund

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function.

² 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.

accountability statement disclosed that KNCV's audited United States Agency for International Development's (USAID) expenditures for the fiscal year ended September 30, 2017, were \$89,934,403.

KNCV expressed an unmodified opinion concluding that the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed by USAID for the fiscal year ended September 30, 2017. Nevertheless, during our review of the management letter that the auditors issued to KNCV, we noted \$60,418 in staff costs overcharged to KNCV by a subawardee.

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 Chief Financial Officer, dated May 27, 2022.

To address the above-mentioned overcharged staff costs identified in the management letter, we recommend that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch:

Recommendation I. Determine the allowability of \$60,418 in ineligible questioned costs on pages 8 and 9 of the management letter and recover any amount that is unallowable.

We ask that you provide your written notification of actions planned or taken to reach a 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").