



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 1, 2022

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, 2021 (Report No. 4-615-23-014-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	Mar. 2 - Dec. 31, 2021	
USAID 4BetterHealth Program (subaward)	72061521CA0013, subaward SJCC/4BHP/02/2021/01	Jul. 1 - Dec. 31, 2021	St. John's Community Centre (SJCC)
Fahari ya Jamii Program (subaward)	72061521CA00014	Sep. 3 - Dec. 31, 2021	University of Nairobi (UON)
USAID 4The Child Project (subaward) - closeout	72061521CA00008	May 1 - Oct. 3, 2021	Moi University College of Health Sciences (MUCHS)
MWENDO Program (subaward) - closeout	Subaward KE.19.SUBAGR.8459.MWENDO OVC	Jan. 1 - May 31, 2021	Catholic Relief Services (CRS)

AMURT contracted with the independent audit firm PricewaterhouseCoopers, 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.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 AMURT's internal controls; (3) determine whether AMURT 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 (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, 2021; (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; and (4) reviewed the implementation status of the prior period recommendations. AMURT reported expenditures of \$3,656,802 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 \$8,411 in ineligible questioned costs. The audit firm did not identify material weaknesses in internal control but identified two instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation and the associated instance of material noncompliance. Nevertheless, we suggest that USAID/Kenya and East Africa determine the allowability of the \$8,411 in questioned costs and recover any amount determined to be unallowable.

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

Recommendation 1. Verify that Ananda Marga Universal Relief Team corrects the one instance of material noncompliance detailed on page 37 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

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.

Exemption Four, 5 U.S.C. 552(b)(4) (“commercial or financial information obtained from a person that is privileged or confidential”).