



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** May 3, 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 TradeMark Africa Limited in Multiple Countries Under Multiple Awards, July 1, 2021, to June 30, 2022 (Report No. 4-623-23-071-R)

This memorandum transmits the final audit report on USAID resources managed by TradeMark Africa Limited (formerly TradeMark East Africa) under the following awards:

Award Name (Type)	Award Number	Audit Period
Trade Infrastructure Project (cooperative agreement) - closeout	AID-623-A-14-00002	Jul. 1, 2021 – Jan. 26, 2022
Ongera Ubucuruzi Project (cooperative agreement) - closeout	72069618CA00003	Jul. 1, 2021 – Jan. 22, 2022
The East Africa Economic Recovery and Reform Activity Project (cooperative agreement)	72062322CA00002	June 20, 2022 – June 30, 2022

TradeMark Africa Limited contracted with the independent audit firm Ernst & Young 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 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 TradeMark Africa Limited's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 TradeMark Africa Limited's internal controls; (3) determine whether TradeMark Africa

<sup>1</sup> 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.

Limited 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, Ernst & Young 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 TradeMark Africa Limited as incurred from July 1, 2021, to June 30, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to TradeMark Africa Limited '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; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. TradeMark Africa Limited reported expenditures of \$4,895,358 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 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 the significant deficiency noted in the report, we suggest that USAID/Kenya and East Africa determine if the recipient addressed the issue noted.

Accordingly, we are not making any recommendations.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated May 3, 2023.

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").