



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** May 15, 2023

**TO:** USAID/Ethiopia, Mission Director, Sean Jones

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Amhara Development Association in Ethiopia Under Multiple Awards, July 8, 2021, to July 7, 2022 (Report No. 4-663-23-076-R)

This memorandum transmits the final audit report on USAID resources managed by Amhara Development Association (ADA) for the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Family Focused HIV Prevention, Care and Treatment Activity (cooperative agreement)	72066320CA00014	Jul. 8, 2021 – Jul. 7, 2022	
Eliminate TB Project (sub-agreement)	72066320CA00009	Jul. 8, 2021 – Jul. 7, 2022	Management Sciences for Health Inc.
Poverty Reduced Sustainably in an Environment of Resilient and Vibrant Economy (PReSERVE) (sub-agreement)	720BHA21CA0033	Sep. 8, 2021 – Jul. 7, 2022	Food for Hungry
Reading for Ethiopia's Achievement Development II (READ II) (sub-agreement) - closeout	72066318CA00004	Jul. 8, 2021 – Sep. 30, 2021	Creative Associates International

ADA contracted with the independent audit firm Tensae and Zelalem, Addis Ababa, Ethiopia (TZ Audit) 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 ADA'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>

<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.

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 ADA's internal controls; (3) determine whether ADA 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, TZ Audit (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 ADA as incurred from July 8, 2021, to July 7, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to ADA's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement 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. ADA reported expenditures of \$4,380,297 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 except for a \$78,131 difference in the opening fund balance of the READ II subaward. The audit firm identified no questioned costs, no material weaknesses in internal control, and no instances of material noncompliance.

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 15, 2023.

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