



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** July 21, 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 Program for Appropriate Technology in Health in Kenya Under Multiple Awards, January 1 to December 31, 2022 (Report No. 4-615-23-091-R)

This memorandum transmits the final audit report on USAID resources managed by Program for Appropriate Technology in Health (PATH Kenya) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Kenya Health Partnerships for Quality Services (KHPQS) 3 – OVC and OVC/Dreams (cooperative agreement)	72061521CA00007	Jan. 1 – Dec. 31, 2022	
Kenya Health Partnerships for Quality Service (KHPQS) Cluster 5 (cooperative agreement)	72061521CA00004	Jan. 1 – Dec. 31, 2022	Jaramogi Oginga University of Science and Technology (JOOUST)
Kenya Health Partnerships for Quality Services (KHPQS) Cluster 12 (cooperative agreement)	72061522CA00001	Jan. 1 – Dec. 31, 2022	Moi Teaching and Referral Hospital (MTRH)

PATH Kenya contracted with the independent audit firm Clark Nuber PS, Bellevue, Washington to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the audit requirements of Title 2, U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PATH Kenya’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) to obtain reasonable assurance about whether the schedule of expenditures of USAID awards as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion; (2) evaluate PATH's internal controls; and (3) determine whether PATH complied with award terms and applicable laws and regulations.

To answer the audit objectives, Clark Nuber PS (1) audited the schedule of expenditures of USAID awards including evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule for the period covered by the audit; (2) obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PATH's internal controls; and (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 USAID Foreign Assistance for Programs Overseas program. PATH reported expenditures of \$12,069,867 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, the expenditures under the awards for the period. 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.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.<sup>2</sup>

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).