



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: August 24, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Acting Supervisory Auditor, Maya Cole

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, 2019 (3-000-23-043-R)

This memorandum transmits the final audit report on KNCV Tuberculosis Foundation (KNCV) for the fiscal year (FY) ended September 30, 2019. KNCV contracted with the independent certified public accounting firm of Sayer Vincent LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and United States Agency for International Development's (USAID) Financial Audit Guide for Foreign Organizations. 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 KNCV's fund accountability statement; 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 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 accountability statement disclosed that KNCV's audited USAID expenditures for the FY ended September 30, 2019, were \$77,006,952.

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 year

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.

ended September 30, 2019. Nevertheless, during our review of the management letter that the auditors issued to KNCV, we noted \$39,301 in total questioned costs not included in the report to USAID. No material weaknesses in internal control or instances of non-compliance that are required to be reported here under U.S. Government Auditing Standards were noted by the auditor. In addition, nothing came to the auditor's attention that caused them to believe that KNCV Tuberculosis Foundation did not fairly present the cost sharing schedule in all material aspects in accordance with the basis of accounting used to prepare the cost-sharing schedule. The financial statements audited by other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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.²

² 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.