



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: December 12, 2023

TO: USAID/Kenya and East Africa, Mission Director, David Gosney
USAID/Ethiopia, Mission Director, Scott Hocklander
USAID/Malawi, Mission Director, Pamela Fessenden

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

SUBJECT: Financial Audit of USAID Resources Managed by Amref Health Africa in Multiple Countries Under Multiple Awards, January 1 to December 31, 2022 (Report No. 4-623-24-047-R)

This memorandum transmits the final audit report on USAID resources managed by Amref Health Africa in multiple countries under multiple awards listed in Appendix I attached. Amref Health Africa contracted with the independent audit firm Deloitte & Touche 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 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 Amref Health Africa'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 Amref Health Africa's internal controls; (3) determine whether Amref Health Africa 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, Deloitte & Touche (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 Amref Health Africa as incurred from January 1 to December 31, 2022; (2) evaluated the control

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.

environment, the adequacy of the accounting systems, and control procedures that pertain to Amref Health Africa'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) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. Amref Health Africa reported expenditures of \$28,172,878 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 \$96,655 in total questioned costs (\$96,636 ineligible and \$19 unsupported); no material weaknesses in internal control; and two instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Malawi determine if the recipient addressed the issues noted. The audit firm also issued a management letter.

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 December 12, 2023.

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

Recommendation 1. Determine the allowability of \$9,728 in ineligible questioned costs on pages 31 and 36 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Amref Health Africa corrects the one instance of material noncompliance detailed on pages 52 to 54 of the audit report.

To address the issues identified in the report, we recommend that USAID/Ethiopia:

Recommendation 3. Determine the allowability of \$81,927 in ineligible questioned costs on pages 31 and 36 of the audit report and recover any amount that is unallowable.

Recommendation 4. Verify that Amref Health Africa corrects the two instances of material noncompliance detailed on pages 52 to 55 of the audit report.

To address the issues identified in the report, we recommend that USAID/Malawi:

Recommendation 5. Determine the allowability of \$5,000 in questioned costs (\$4,981 ineligible questioned costs and \$19 unsupported questioned costs) on pages 32 and 36 of the audit report and recover any amount that is unallowable.

Recommendation 6. Verify that Amref Health Africa corrects the one instance of material noncompliance detailed on pages 52 to 54 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 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 oinotice_ndaa5274@usaid.gov.

Appendix I

Award Name (Type)	Award Number	Period Audited	Prime Implementer
Integrated Youth Activity (IYA) – Kefeta in Ethiopia (cooperative agreement)	72066321CA00001	Jan. 1 – Dec. 31, 2022	
Transform – Health in Developing Regions in Ethiopia (cooperative agreement)	AID-663-A-17-00006	Jan. 1 – Dec. 31, 2022	
Imarisha Jamii in Kenya (cooperative agreement)	72061521CA00003	Jan. 1 – Dec. 31, 2022	
MOMENTUM Tikweze Umoyo Activity in Malawi (cooperative agreement)	72061222CA00007	Aug. 8 – Dec. 31, 2022	
Subaward - CORE Group Polio Project (CGPP) in Ethiopia	AID-OAA-A-17-00026	Jan. 1 – Dec. 31, 2022	World Vision, Inc.
Subaward - Regional Health Integration to Enhance Services – Southwest (RHITES – SW Uganda) – closeout	AID-617-A-15-00010	Jan. 1 – Sep. 30, 2022	Elizabeth Glaser Pediatric Aids Foundation
Subaward - African Collaborative for Health Financing Solutions in Kenya – closeout	AID-OAA-A-17-00009	Jan. 1 – Jan. 31, 2022	Results for Development Institute
Subaward – Knowledge Success in Kenya	720OAA19CA00001	Jan. 1 – Dec. 31, 2022	Johns Hopkins University
Subaward – Health Workforce Improvement Program (HWIP) in Ethiopia	72066320CA00008	Jan. 1 – Dec. 31, 2022	JHPIEGO
Subaward - Stawisha Pwani Project in Kenya	72061521CA00010	Jan. 1 – Dec. 31, 2022	LVCT Health
Subaward - Propel ADAPT Round 2 Activity in Kenya	720OAA22CA00031	Sep. 22 – Dec. 31, 2022	Action Against Hunger USA
Subcontract - Western Kenya Sanitation Project (WVKSPP)	72061522C00001	Feb. 28 – Dec. 31, 2022	Research Triangle Institute (RTI)