



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 27, 2024

TO: USAID Bureau for Humanitarian Assistance (USAID/BHA), Assistant to the Administrator, Sonali Korde
USAID/Ethiopia, Mission Director, Scott Hocklander

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

SUBJECT: Financial Audit of USAID Resources Managed by Relief Society of Tigray in Ethiopia Under Multiple Agreements, January 1 to December 31, 2021 (Report No. 4-000-24-083-R)

This memorandum transmits the final audit report on USAID resources managed by Relief Society of Tigray (REST) under the following multiple agreements:

Award Name (Type)	Award Number	Period Audited	Prime Implementer
Development Food Security Program (cooperative agreement)	AID-FFP-A-16-00006	Jan. 1 – Dec. 31, 2021	
Conference of Catholic Bishops Joint Emergency Operation (subaward)		Jan. 1 – Dec. 31, 2021	Catholic Relief Services AID-FFP-A-12-00009
Feed the Future Ethiopia – Livelihood for Resilience Activity (subaward)		Jan. 1 – Dec. 31, 2021	CARE Ethiopia – AID-663-A-17-00001
Biruh Tesfa Program (subaward)		Apr. 23 – Dec. 31, 2021	CARE Ethiopia – 720BHA21GR00083

REST contracted with the independent audit firm Ama-Hai Certified Accountants & Auditors, Addis Ababa, Ethiopia 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 REST'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 REST's internal controls; (3) determine whether REST complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, Ama-Hai (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 REST as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to REST'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; and (4) reviewed the implementation status of the prior period recommendations. REST reported expenditures of \$12,785,835 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 one instance of material noncompliance. The instance of material noncompliance related to unique circumstances created by the war in Tigray and thus were beyond the control of the recipient or USAID; hence, we are not making a recommendation. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/BHA determine if the recipient addressed the issues noted.

Accordingly, we are not making any recommendations.

During our desk review, we noted one area for improvement which the audit firm should address in future audit reports. We presented this area in a memo to the controller, dated March 27, 2024.

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

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.

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.