



MEMORANDUM

DATE: December 11, 2018

TO: USAID/Rwanda, Mission Director, Leslie Marbury

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

SUBJECT: Financial Audit of USAID Resources Managed by Caritas Rwanda Under Multiple Awards, January 1 to December 31, 2017 (Report No. 4-696-19-029-R)

This memorandum transmits the final audit report on USAID resources managed by Caritas Rwanda under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Awardee
Strengthening Support to Vulnerable Populations in Rwanda -Gimbuka (cooperative agreement)	AID-696-A-12-00003	Jan. 1- Dec, 31, 2017	
Improved Services for Vulnerable Population, Twiyubake program (subaward)		Jan. 1- Dec, 31, 2017	Subaward under Global Communities ISVP-PC-16-03
Gikoriro Program (subaward)		Jan. 1- Dec, 31, 2017	Subawards under Catholic Relief Services (CRS), RW.16.SUBAGR.8349.P0077676.01.00 and RW.16.SUBAGR.8349.P0077676.02.00

Caritas Rwanda contracted with the independent certified public accounting firm RUMA Certified Public Accountants, Kigali, Rwanda to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit firm states that it performed its audit in accordance with GAGAS, except that the audit firm did not have external quality control review programs that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Caritas Rwanda's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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.

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 Caritas Rwanda's internal controls; (3) determine whether Caritas Rwanda's complied with award terms and applicable laws and regulations; (4) review the indirect cost rate, or determine that the review of the indirect cost rate was not applicable; and (5) review the implementation status of prior period recommendations.

To answer the audit objectives, RUMA (1) audited the fund accountability statement for the award 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 Caritas Rwanda as incurred from January 1 to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Caritas Rwanda's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (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 fund accountability statement; (4) determined that a 10 percent de minimis indirect cost rate is applicable; and (5) reviewed the implementation status of the prior period recommendations. Caritas Rwanda reported expenditures of \$3,373,809 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified \$44,928 in ineligible questioned costs: \$35,572 on the prime agreement, \$8,449 under the Global Communities subaward and \$907 under the CRS subaward. The audit firm also reported two instances of material noncompliance. Although not indicated in the report on internal control, we deem the detailed finding included on pages 36 and 37 a significant deficiency in internal control. Consequently, we have included a recommendation to address this finding. The audit firm also issued a management letter.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated December 11, 2018.

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

Recommendation 1. Determine the allowability of \$35,572 in ineligible questioned costs on pages 11 and 23 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Caritas Rwanda corrects the one significant deficiency in internal control detailed on pages 36 and 37 of the audit report.

Recommendation 3. Verify that Caritas Rwanda corrects the one instance of material noncompliance detailed on pages 34 to 36 of the audit report.

Recommendation 4. Verify that Caritas Rwanda provide Global Communities and Catholic Relief Services with a copy of the finding raised in RUMA's audit report for their review to (a) determine the allowability of \$8,449 and \$907, respectively, in ineligible questioned costs identified on pages 10 and 23 and recover the amounts determined to be unallowable and (b) take any appropriate action regarding the one instance of material noncompliance related to the subawards ISVP-PC-16-03; RW.16.SUBAGR.8349.P0077676.01.00; and RW.16.SUBAGR.8349.P0077676.02.00 as detailed on page 33 of the report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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”).