



## MEMORANDUM

**DATE:** September 18, 2019

**TO:** USAID/Rwanda, Mission Director, Leslie Marbury

**FROM:** USAID OIG Africa Regional Office, Assistant Director, Louis Duncan, Jr. /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by Caritas Rwanda Under Multiple Awards, January 1 to December 31, 2018 (Report No. 4-696-19-127-R)

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

Award Name (Type)	Award Number(s)	Audit Period	Prime Awardee
Strengthening Support to Vulnerable Populations in Rwanda -Gimbuka (cooperative agreement)	AID-696-A-12-00003	Jan. 1- Dec, 31, 2018	
Improved Services for Vulnerable Population, Twiyubake program (subaward)	ISVP-PC-16-03	Jan. 1- Dec, 31, 2018	Global Communities
Gikuriro Program (subaward)	RW.16.SUBAGR.8349. P0077676.01.00 and RW.16.SUBAGR.8349. P0077676.02.00	Jan. 1- Dec, 31, 2018	Catholic Relief Services,

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 continuing professional education and 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.<sup>1</sup>

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 complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of prior period recommendations.

To answer the audit objectives, RUMA Certified Public Accountants (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, 2018; (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 the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of prior period recommendations. Caritas Rwanda reported expenditures of \$3,176,634 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. Notwithstanding, the audit firm identified \$3,127 in ineligible questioned costs. Furthermore, the audit firm found no material weaknesses in internal control and two instances of material noncompliance. One of these instances of material noncompliance specifically relates to the questioned costs identified. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation to address that issue. Nevertheless, we suggest that USAID/Rwanda determine the allowability of the \$3,127 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated September 18, 2019.

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<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.

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

**Recommendation I.** Verify that Caritas Rwanda corrects the one instance of material noncompliance detailed on page 34 of the audit 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”).