



MEMORANDUM

DATE: October 28, 2019

TO: USAID/Kenya and East Africa, Mark Meassick

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Financial Audit of USAID Resources Managed by Children of God Relief Institute in Kenya Under Agreement AID-623-A-13-00001, January 1 to December 31, 2018 (Report No. 4-623-20-005-R)

This memorandum transmits the final audit report on USAID Resources Managed by Children of God Relief Institute (COGRI) for Integrated program on HIV infected children and their families. COGRI contracted with the independent certified public accounting firm Deloitte and Touché, Nairobi, Kenya to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, the audit firm did not have Continuing Professional Education (CPE) and an external peer review". The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on COGRI'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 COGRI's internal controls; and (3) determine whether COGRI complied with award terms and applicable laws and regulations; and (4) review the implementation status of prior period recommendations. To answer the audit objectives, the audit firm (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 COGRI as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures

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.

that pertain to COGRI'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; and (4) reviewed the implementation status of prior period recommendations. COGRI reported expenditures of \$2,044,080 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, except the audit firm identified \$160,265 in total questioned costs (\$151,900 ineligible and \$8,365 unsupported); and six instances of material noncompliance. No material weaknesses in internal controls were identified. The audit firm issued a management letter.

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

Recommendation 1. Determine the allowability of \$160,265 in questioned costs (\$151,900 ineligible, \$8,365 unsupported) on page 16 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Children of God Relief Institute corrects the six instances of material noncompliance detailed on pages 23 to 30 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").