



MEMORANDUM

DATE: June 17, 2020

TO: USAID/Kenya and East Africa, Mission Director, Mark Meassick
USAID/Dominican Republic, Mission Director, Arthur W. Brown

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

SUBJECT: Financial Audit of USAID Resources Managed by Christian Aid in Multiple Countries Under Multiple Awards, April 1, 2018, to March 31, 2019 (Report No. 4-615-20-082-R)

This memorandum transmits the final audit report on USAID resources managed by Christian Aid in multiple countries under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
European Interagency Security Forum (EISF) (grant)	AID-OFDA-G-17-00049	Apr. 1, 2018 - Mar. 31, 2019	
Fisheries Integration of Society Habits (FISH) – Malawi (subaward)	AID-612-A-14-00004	Apr. 1, 2018 - Mar. 31, 2019	PACT
Comprehensive Assistance, Support and Empowerment (CASE) in Central, Eastern and Part of Rift Valley (OVC) (cooperative agreement)	AID-615-A-17-00002	Apr. 1, 2018 - Mar. 31, 2019	
Undocumented People of Haitian Descent Living in the Dominican Republic (cooperative agreement)	AID-517-A-16-00002	Apr. 1, 2018 - Mar. 31, 2019	

Christian Aid contracted with the independent certified public accounting firm Haysmacintyre LLP, London, United Kingdom, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Christian Aid's fund accountability statement; the effectiveness of its internal control; or its compliance with the

awards, 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 Christian Aid's internal controls; (3) determine whether Christian Aid 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, Haysmacintyre LLP (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 Christian Aid as incurred from April 1, 2018, to March 31, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Christian Aid'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) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. Christian Aid reported expenditures of \$10,785,675 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 for \$42,059 in unsupported questioned costs; no material weaknesses in internal control; and five instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Kenya and East Africa determine if the recipient addressed the issues noted. The audit firm included a management letter in the report with immaterial findings.

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 June 17, 2020.

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

Recommendation 1. Determine the allowability of \$40,631 in unsupported questioned costs on pages 6 and 21 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Christian Aid corrects the five instances of material noncompliance detailed on pages 32 to 36 of the audit report.

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.

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

Recommendation 3. Determine the allowability of \$1,428 in unsupported questioned costs on pages 6 and 21 of the audit report and recover any amount that is unallowable.

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”).