



MEMORANDUM

DATE: September 13, 2021

TO: USAID/Kenya and East Africa, Mission Director, Mark Meassick

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

SUBJECT: Financial Audit of USAID Resources Managed by Northern Rangelands Trust in Kenya Under Multiple Awards, January 1 to December 31, 2020 (Report No. 4-615-21-095-R)

This memorandum transmits the final audit report on USAID resources managed by Northern Rangelands Trust (NRT) under the following awards: 1) People to People Reconciliation in Kenya under cooperative agreement 72061520CA00002; and 2) the Climate Resilient Community Conservancies Program under cooperative agreement AID-615-A-15-00009. NRT contracted with the independent certified public accounting firm PricewaterhouseCoopers LLP, Nairobi, Kenya, 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 NRT'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 NRT's internal controls; (3) determine whether NRT 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.

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 answer the audit objectives, PricewaterhouseCoopers 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 NRT as incurred from January 1, to December 31, 2020; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to NRT'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. NRT reported expenditures of \$2,667,231² 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 no questioned costs; no material weaknesses in internal control; and one instance of material noncompliance. The material noncompliance is a repeat finding from the prior year's audit (Report 4-615-21-009-R) for which a management decision was made with a final action target date of September 25, 2021.

Accordingly, we are not making any recommendations.

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").

² Total USAID expenditure: \$3,012,215 (total), less \$268,737 (U.S. Department of Interior), less \$76,247 (U.S. Forest Service) = \$2,667,231.