



## MEMORANDUM

**DATE:** October 22, 2021

**TO:** USAID/Kenya and East Africa, Mission Director, Mark Meassick  
USAID/Malawi, Mission Director, Catie Lott  
USAID/Dominican Republic, Mission Director, Rebecca Latorraca  
USAID/M/OAA/CAS/CAM, Supervisory Auditor, Eleanor C. Jefferson

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Christian Aid in Multiple Countries Under Multiple Awards, April 1, 2019, to July 31, 2020 (Report No. 4-615-22-001-N)

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

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Audit Period</b>	<b>Prime Implementer</b>
European Interagency Security Forum (EISF) (grant) - closeout	AID-OFDA-G-17-00049	Apr. 1, 2019 - Mar. 31, 2020	
Fisheries Integration of Society Habits (FISH) – Malawi (subaward) - closeout	AID-612-A-14-00004	Apr. 1 - Aug. 9, 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, 2019 - Jul. 31, 2020	
Undocumented People of Haitian Descent Living in the Dominican Republic (cooperative agreement) - closeout	AID-517-A-16-00002	Apr. 1, 2019 - Jul. 31, 2020	

USAID/Kenya and East Africa contracted with the independent certified public accounting firm PricewaterhouseCoopers (PwC), 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 Christian Aid'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 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 prior period recommendations.

To answer the audit objectives, PwC (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, 2019, to July 31, 2020; (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 prior period recommendations. Christian Aid reported expenditures of \$7,457,862 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 awards for the period audited. The audit firm identified \$196,447 in total questioned costs (\$196,366 unsupported and \$81 ineligible). The audit firm also reported two material weaknesses and two significant deficiencies in internal control, and two instances of material noncompliance. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that the USAID/Kenya and East Africa determine if the recipient addressed the issues noted. The audit firm also 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 \$158,239 in unsupported questioned

---

<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.

costs on pages 20 and 39 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Christian Aid corrects the one instance of material noncompliance detailed on page 39 of the audit report.

We recommend that USAID/Dominican Republic:

**Recommendation 3.** Determine the allowability of \$38,080 in unsupported questioned costs on pages 18, 20, and 39 of the audit report and recover any amount that is unallowable.

**Recommendation 4.** Verify that Christian Aid corrects the one material weakness in internal control pertaining to award AID-517-A-16-0002 detailed on page 30 of the audit report.

We recommend that USAID/Malawi:

**Recommendation 5.** Verify that Christian Aid provides PACT with a copy of the findings raised in the audit report for their review to (a) determine the allowability of \$81 in ineligible questioned costs on page 20 of the audit report and recover any amount that is unallowable; and (b) take any appropriate action regarding the one instance of material noncompliance detailed on page 38 of the audit report.

We recommend that USAID/M/OAA/CAS/CAM:

**Recommendation 6.** Determine the allowability of \$47 in unsupported questioned costs on pages 19 and 20 of the audit report and recover any amount that is unallowable.

**Recommendation 7.** Verify that Christian Aid corrects the one material weakness in internal control detailed on page 31 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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”).