



## 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 Amref Health Africa in Multiple Countries Under Multiple Awards, January 1 to December 31, 2020 (Report No. 4-623-21-094-R)

This memorandum transmits the final audit report on USAID resources managed by Amref Health Africa in multiple countries under multiple awards listed in appendix I attached. Amref Health Africa contracted with the independent certified public accounting firm Ernst & Young 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 Amref Health Africa'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 Amref Health Africa's internal controls; (3) determine whether Amref Health Africa 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, Ernst & Young (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues

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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.

received from USAID for the period covered by the audit and the costs reported by Amref Health Africa 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 Amref Health Africa'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. Amref Health Africa reported expenditures of \$14,033,809 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 \$402 in unsupported questioned costs; no material weaknesses in internal control; and one instance of material noncompliance specifically related 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. Nevertheless, we suggest that USAID/Kenya and East Africa determine the allowability of the \$402 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

Accordingly, we are not making any recommendations.

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 September 13, 2021.

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").

## Appendix I

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period Audited</b>	<b>Prime Implementer</b>
AFYA TIMIZA Kenya (cooperative agreement)	AID-615-A-16-00009	Jan. 1 – Dec. 31, 2020	
Transform – Health in Developing Regions (HDR) in Ethiopia (cooperative agreement)	AID-663-A-17-00006	Jan. 1 – Dec. 31, 2020	
Strengthening Health Systems for COVID-19 Response in Developing Regions (grant) in Ethiopia	72OFDA20GR00101	Jul. 8 – Dec. 31, 2020	
Subaward - Regional Health Integration to Enhance Services – North Lango (RHITES – N, Lango Uganda)	72061718C00004	Jan. 1 – Dec. 31, 2020	John Snow Inc.
Subaward - Regional Health Integration to Enhance Services – South West (RHITES – SW Uganda)	AID-617-A-15-00010	Jan. 1 – Dec. 31, 2020	Elizabeth Glaser Pediatric Aids Foundation
Subaward - African Collaborative for Health Financing Solutions	AID-OAA-A-17-00009	Jan. 1 – Dec. 31, 2020	Results for Development Institute
Subaward – Knowledge Success	720OAA19CA00001	Jan. 1 – Dec. 31, 2020	John Hopkins University
Subaward – Health Workforce Improvement Program (HWIP) in Ethiopia	72066320CA0008	Jul. 28 – Dec. 31, 2020	JHPIEGO