



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** October 24, 2022

**TO:** USAID/Ethiopia, Mission Director, Sean Jones

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Mary Joy Ethiopia Development Association Under Agreement 72066320CA00015, January 1 to December 31, 2021 (Report No. 4-663-23-001-R)

This memorandum transmits the final audit report on USAID resources managed by Mary Joy Ethiopia Development Association, under the project entitled “Family Focused HIV Prevention, Care, and Treatment Services in Southern Nations and Nationalities People Region (SNNPR) and in Sidama Region”. Mary Joy Ethiopia contracted with the independent audit firm TAY, Addis Ababa, Ethiopia to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have a continuing professional education program that fully satisfy the standards’ requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Mary Joy Ethiopia’s schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate Mary Joy Ethiopia’s internal controls; (3) determine whether Mary Joy Ethiopia complied with award terms and applicable laws and regulations; and (4) review the cost share contributions schedule.

To answer the audit objectives, TAY (1) audited the schedule of expenditures of USAID awards 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 Mary Joy Ethiopia as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Mary Joy Ethiopia’s ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (3) identified the award terms and pertinent laws

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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.

and regulations and determined which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards; (4) reviewed the cost sharing contribution. Mary Joy Ethiopia reported expenditures of \$1,361,210 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit report identified no questioned costs; no material weaknesses in internal control; and one instance of material noncompliance.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated October 24, 2022.

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

**Recommendation I.** Verify that Mary Joy Ethiopia Development Association corrects the one instance of material noncompliance detailed on page 8 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”).