



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: December 4, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Supervisory Auditor, Sheree Marshall

FROM: Director of External Financial Audits Division (IG/A/EFA), David A McNeil /s/

SUBJECT: Close Out Financial Audit of KNCV Tuberculosis Foundation Under USAID Award No. AID-OAA-A-14-00029 for the 6 Months Ended March 31, 2020 (Report No. 3-000-24-012-R)

This memorandum transmits the final audit report on KNCV Tuberculosis Foundation (KNCV) for the 6 months ended March 31, 2020. KNCV contracted with the independent audit firm of Sayer Vincent LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards, and United States Agency for International Development (USAID) Financial Audit Guide for Foreign Organizations. However, it did not have an external peer review or 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 KNCV'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 the KNCV's internal controls; and (3) determine whether KNCV complied with award terms and applicable laws and regulations. To answer the audit objectives, Sayer Vincent LLP reviewed applicable documents and information relevant to USAID programs, examined underlying documentation that supported financial transactions relevant to USAID programs, evaluated compliance procedures applicable laws and regulations, evaluated the effectiveness of internal controls relevant to detecting material non-compliance, reviewed the computation method for the provisional indirect cost rate to ensure it is within approved guidance, reviewed shared costs to ensure they have been incurred in line with budgets, and reviewed unliquidated advances and pending reimbursements by USAID to ensure that excess cash is returned to USAID. The report on the fund accountability statement disclosed that KNCV's audited USAID

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.

expenditure for the 6 months ended March 31, 2020 were \$6,954,495.

KNCV expressed an unmodified opinion and concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. There were no significant deficiencies or material weaknesses, and no instances of material non-compliance with applicable laws, regulations, or the terms of the agreements. Further, nothing came to the auditor's attention regarding cost sharing and because the schedule of computation of Indirect Cost Rate for the year ended 31 December 2020 was not available at the date of this audit, the audited actual rate for 2019 was used. Nonetheless, during our review of the management letter that the auditors issued to KNCV, we noted \$840 in costs overcharged to USAID. To address the above-mentioned overcharged costs identified in the management letter, we are not making a recommendation. Nevertheless, we suggest that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch determine the allowability of the \$840 in questioned costs and recover any amount determine to be unallowable.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.