



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 11, 2025

TO: USAID/Kenya and East Africa, Mission Director, David Gosney

FROM: USAID OIG Africa Regional Office, Audit Director, Ryan Werner /s/

SUBJECT: Financial Audit of USAID Resources Managed by Program for Appropriate Technology in Health in Kenya Under Multiple Awards, January 1 to December 31, 2023 (Report No. 4-615-25-061-R)

This memorandum transmits the final audit report on USAID resources managed by Program for Appropriate Technology in Health (PATH Kenya) for the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Kenya Health Partnerships for Quality Services (KHPQS) 3 – OVC and OVC/Dreams (cooperative agreement)	72061521CA00007	Jan. 1 – Dec. 31, 2023	
USAID Uongozi wa Afya Thabiti (UAT) (subaward)	72061523CA00003-02	Jun. 1 – Dec. 31, 2023	AMREF Health Africa in Kenya

PATH Kenya contracted with the independent audit firm Clark Nuber PS, Bellevue, Washington to conduct the audit. The audit firm stated that it performed its audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards; and the audit requirements of the Uniform Guidance. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PATH Kenya's schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate PATH Kenya's internal controls; (3) determine whether PATH Kenya complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5)

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.

review the implementation status of the prior period recommendations.

To answer the audit objectives, Clark Nuber PS (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 PATH Kenya as incurred from January 1 to December 31, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to PATH Kenya'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 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) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. PATH Kenya reported expenditures of \$15,451,576 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 firm identified \$33,783 in ineligible questioned costs; no material weaknesses in internal control; and no instances 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 February 11, 2025.

To address the issues identified in the report, we recommend that USAID/Kenya and East Africa:

Recommendation 1. Determine the allowability of \$33,783 in ineligible questioned costs on page 7 of the audit report and recover any amount that is unallowable.

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"). 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.