



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 4, 2025

TO: Sheree. F. Marshall
Supervisory Auditor
USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division/Contract Audit Management Branch

FROM: David A. McNeil /s/
Director of External Financial Audits Division

SUBJECT: Financial Audit on USAID Resources Managed by the African Institute for Development Policy Under the Building Capacity for Integrated FP/RH and PED Action Project for the period October 1, 2023, through September 30, 2024 (3-000-25-019-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by African Institute for Development Policy (AFIDEP) under the Building Capacity for Integrated FP/RH and PED Action (BUILD) Project, Cooperative Agreement: 7200AA21CA00002, for the period October 1, 2023, through September 30, 2024. AFIDEP contracted with the independent certified public accounting firm of PricewaterhouseCoopers LLP, Kenya (PwC) to conduct the audit. PwC stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID's Financial Audit Guide for Foreign Organizations. However, PwC did not have a continuing professional education program and external quality control reviews that fully satisfy the GAGAS requirements since no such program is offered by professional organizations in Kenya. PwC is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on AFIDEP's schedule of expenditures; 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 presents fairly in all material respects in relation to the AFIDEP's financial statements as a whole, in accordance with the terms of the agreements and generally accepted

¹ We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

accounting principles; (2) evaluate and obtain a sufficient understanding of AFIDEP's internal controls related to the USAID-funded programs, assess control risk, and identify reportable conditions, including material weaknesses; (3) perform tests to determine whether AFIDEP complied, in all material respects, with agreement terms and applicable laws and regulations related to the USAID funded program; (4) determine if AFIDEP has taken adequate corrective action on prior audit report recommendations; and (5) review cost sharing/matching contributions to determine whether cost-sharing/matching contributions were provided and accounted for by the recipient in accordance with the terms of the agreements. To answer the audit objectives, PwC procedures included, but not limited to the following: (1) reviewed the direct and indirect costs billed to and reimbursed by USAID to identify and quantify any questioned costs; (2) reviewed and evaluated compliance with the requirements for the cost share contribution; (3) obtained an understanding of the design of the internal control related to the USAID program and determined whether they have been placed in operation; (4) identified the agreement 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 Expenditure of the USAID Award; and (5) provided a status of the implementation of the prior period recommendations. PwC reported total USAID audited expenditures of \$ 2,270,205 for the period audited.

PwC concluded that the Schedule of Expenditure of the USAID Award presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period October 1, 2023, to September 30, 2024, in accordance with the terms of the agreements. PwC identified ineligible indirect questioned costs for \$943, eight significant deficiencies in internal controls, and five material instances of material noncompliance. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division/Contract Audit Management Branch determine if AFIDEP addressed the significant deficiencies on pages 29 to 41 of the audit report. Additionally, we are not making any suggestion for the immaterial indirect questioned costs. PwC reported that nothing came to its attention that caused them to believe that AFIDEP did not fairly present the cost-sharing/matching contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing/matching contributions schedule. GRF reported that seven of the twelve prior report recommendations were cleared, three remained open, and two were partially closed.

To address the problems identified in the report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division/Contract Audit Management Branch:

Recommendation I: Verify that the African Institute for Development Policy corrects the instances of material noncompliance detailed on pages 45 to 57 of the audit report.

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