



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 24, 2025

TO: USAID/Kenya and East Africa, Acting Mission Director, Sheila Roquitte

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

SUBJECT: Financial Audit of USAID Resources Managed by Northern Rangelands Trust in Kenya Under Multiple Awards, January 1 to December 31, 2023 (Report No. 4-615-25-082-R)

This memorandum transmits the final audit report on USAID resources managed by Northern Rangelands Trust (NRT) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Scaling Sustainability and Resilience of Community Conservancies in Northern Rangelands and Coastal Ecosystems of Kenya (SSRCC) (cooperative agreement)	72061522CA00006	Jan. 1 – Dec. 31, 2023	
People to People Reconciliation (P2P) in Kenya (cooperative agreement)	72061520CA00002	Jan. 1 – Dec. 31, 2023	

NRT contracted with the independent audit firm PricewaterhouseCoopers (PwC), 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 an external peer review and 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 NRT's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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.

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 NRT's internal controls; (3) determine whether NRT 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, PwC (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 NRT 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 NRT'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 prior period recommendations. NRT reported expenditures of \$1,739,040 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 \$16,761 in questioned costs (\$15,932 ineligible and \$829 unsupported); no material weaknesses in internal control; and three instances of material noncompliance. 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 \$16,761 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Kenya and East Africa determine if the recipient addressed the issues noted.

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

Recommendation 1. Verify that Northern Rangelands Trust corrects the three instances of material noncompliance identified on page 40, 41 to 47 of the audit report.

We ask that you provide 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.