



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

MEMORANDUM

DATE: June 2, 2025

TO: USAID/Democratic Republic of Congo, Mission Director, Shanda Steimer

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

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Invisible Children Inc. in Multiple Countries Under Cooperative Agreement 7260518CA00001, October 13, 2017, to March 30, 2023 (Report No. 4-605-25-005-N)

This memorandum transmits the final audit report on USAID resources managed by Invisible Children Inc. (IC) in Democratic Republic of Congo and Central African Republic under the Community Resilience in Central Africa (CRCA) project. USAID contracted with the independent audit firm COFIMA, Cotonou, Benin to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on IC'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 IC's internal controls; (3) determine whether IC 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 COFIMA, (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 IC as incurred from October 13, 2017, to March 30, 2023; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to IC'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) reviewed 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.

reviewed the implementation status of the prior period recommendations. IC reported expenditures of \$28,125,799 in USAID funds during the audited period and noted that the recipient expended an additional amount \$1,076,814 more than the obligated amount. In accordance with the cooperative agreement, no funds expended above the obligated amount shall be refunded to the recipient.

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 auditors identified no questioned costs; no material weaknesses in internal control; and four instances of material noncompliance. The audit firm also issued a management letter.

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 June 2, 2025.

To address the issues identified in the report, we recommend that USAID/Democratic Republic of Congo:

Recommendation 1. Verify that Invisible Children Inc. corrects the four instances of material noncompliance detailed on pages 43 to 47 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"). 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 oinotice_ndaa5274@usaid.gov.