



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

MEMORANDUM

DATE: December 30, 2025

TO: Eric Ueland
USAID/Performing the Duties of Administrator and Chief Operating Officer

Douglas A. Pitkin
USAID/Acting Chief Financial Officer

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

SUBJECT: Financial Audit of USAID Resources Managed by Kenya Red Cross Society
Under Two Awards, January 1 to December 31, 2023 (3-000-26-006-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Kenya Red Cross Society (KRCS) under two awards, January 1 to December 31, 2023. KRCS contracted with the independent certified public accounting firm of KPMG Kenya (KPMG) to conduct the audit. KPMG stated that it performed its audit in accordance with U.S. Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States and International Standards in Auditing. KPMG stated that it does not have a continuing education program fully satisfying the requirement set forth in GAGAS, and it did not have an external quality control review by an unaffiliated audit organization as required by GAGAS, since no such program is offered by professional organizations in Kenya. KPMG is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on KRCS'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 KRCS's internal controls related to USAID funded programs; (3) determine whether KRCS complied with award terms, and applicable laws and regulations; and (4) determine if KRCS has taken adequate corrective action on prior audit recommendations. To answer the

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.

audit objectives, KPMG: (1) reviewed and tested cost transactions in the schedule of expenditures of USAID awards; (2) reviewed KRCS's internal controls structure in order to assess the significant internal control policies and procedures relevant to the programs, and the adequacy of accounting systems and internal controls; (3) evaluated KRCS's compliance with the agreement terms and applicable laws and regulations; (4) reviewed the status of actions taken on audit findings reported in the prior year audit of USAID funded programs, and evaluated whether KRCS took appropriate corrective action; and (5) verified if closeout audit procedures were performed in accordance with USAID requirements. The schedule of expenditures of USAID awards disclosed that USAID audited expenditures were \$7,261,161 for the fiscal year ended December 31, 2023.

KPMG concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period audited in accordance with the terms of the agreements. KPMG did not identify any material weaknesses in internal control. KPMG did identify one material instance of noncompliance pertaining to KRCS's failure to deposit funds in an interest-bearing account. KPMG reported that a prior report recommendation remains open. In addition, KPMG reported that there were no reportable findings with regards to the closeout procedures.

To address the material noncompliance identified in the report, we recommend that USAID:

Recommendation 1. Verify that Kenya Red Cross Society corrects the one instance of material noncompliance detailed on page 28 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.