



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

MEMORANDUM

DATE: January 8, 2026

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: Closeout Financial Audit of the Emergency Response to Drought Affected Populations in Wajir County, Kenya, Managed by Wajir South Development Association, Agreement 720BHA23GR00116, May 1, 2023, to April 30, 2024 (3-000-26-008-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Wajir South Development Association (WASDA), Agreement 720BHA23GR00116, May 1, 2023, to April 30, 2024. WASDA 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 U.S. Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. PWC 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. PWC is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on WASDA'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 WASDA's internal controls related to USAID funded award; and (3) determine whether WASDA complied with award terms and applicable laws and regulations. To answer the audit objectives, PWC: (1) examined the schedule of expenditures of USAID awards,

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.

including the budgeted amounts by category and major items, the revenues received from USAID and the costs reported by WASDA as incurred during the period covered by the audit; (2) reviewed and evaluated WASDA's internal controls related to the USAID funded award to obtain sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation; (3) 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 expenditures of USAID awards; and (4) 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 \$2,982,983 for the period from May 1, 2023, to April 30, 2024.

PWC concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred and reimbursed under the award for the period audited. However, PWC identified \$12,200 in ineligible questioned costs in the schedule of expenditures of USAID awards. 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 determine the allowability of the \$12,200 in questioned costs and recover any amount determined to be unallowable. Additionally, PWC identified as questioned costs an outstanding fund balance of \$18,079 as of the end of the audit period, which had not been refunded to USAID and \$562 on interest earned not remitted to USAID. We are not making a formal recommendation on these questioned costs totaling \$18,641, but we ask that USAID review these issues as part of the closeout process. PWC did identify three instances of material noncompliance regarding questioned costs and closeout procedures. PWC did not identify any material weaknesses in internal control; however, PWC identified one significant deficiency. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest USAID determine if the recipient addressed the issue noted. PWC issued a management letter.

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

Recommendation 1. Verify that Wajir South Development Association corrects the three instances of material noncompliance detailed on page 32 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.