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

MEMORANDUM

DATE: May 13, 2026

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

USAID, Acting Chief Financial Officer, Douglas A. Pitkin

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

SUBJECT: Financial Audit of USAID Resources Managed by Liverpool Voluntary Care and Treatment Health in Kenya Under Multiple Awards, October 1, 2024, to September 30, 2025 (Report No. 4-615-26-020-R)

This memorandum transmits the final audit report on USAID resources managed by Liverpool Voluntary Care and Treatment (LVCT Health) for the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Stawisha Pwani Program (cooperative agreement)	72061521CA00010	Oct. 1, 2024 – Sep. 30, 2025	
Maximizing Options to Advance Informed Choice (MOSAIC) (subaward) - closeout	720OAA21CA00011	Oct. 1, 2024 – Feb. 26, 2025	FHI360

LVCT Health contracted with the independent audit firm Ernst & Young LLP, Nairobi, Kenya to conduct the audit. The audit firm stated that it performed its audit in accordance with International Standards of Auditing (ISA) in conjunction with the U.S. Government Auditing Standards issued by the Comptroller General of the United States (GAGAS). However, it did not have an external peer review 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 LVCT Health's schedule of expenditures on 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

[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.

of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate LVCT Health's internal controls; (3) determine whether LVCT Health 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, Ernst & Young LLP (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 LVCT Health as incurred from October 1, 2024, to September 30, 2025; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to LVCT Health'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 the prior period recommendations. LVCT Health reported expenditures of $9,237,218 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 awards for the period audited. The audit firm identified $67,136 in ineligible questioned costs ($62,314 relating to the prime recipient and $4,822 relating to one of the subawards); no material weaknesses in internal control; and one instance of material noncompliance. The audit firm also issued a management letter.

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

Recommendation 1. Determine the allowability of $62,314 in ineligible questioned costs on pages 19 and 34 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Liverpool Voluntary Care and Treatment corrects the one instance of material noncompliance detailed on pages 37 to 39 of the audit report.

Recommendation 3. Verify that Liverpool Voluntary Care and Treatment provides FHI360 with a copy of the finding raised in Ernst & Young LLP's audit report for their review (a) to determine the allowability of any ineligible questioned costs identified on pages 19 and 34 of the audit report pertaining to their particular subaward; and (b) to take any corrective actions regarding the instance of material noncompliance related to the subaward detailed on pages 37 to 39 of the 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 oignotice_ndaa5274@usaid.gov.