



MEMORANDUM

DATE: April 16, 2020

TO: Acting Supervisory Auditor, M/OAA/CAS/CAM, Eleanor C. Jefferson

FROM: Director of External Financial Audits Division, IG/A/EFA, David A. McNeil /s/

SUBJECT: Financial Audit of Oxfam GB Under Multiple USAID Agreements for the Fiscal Year Ended March 31, 2017 (3-000-20-009-R)

This memorandum transmits the final report on the recipient contract audit of Oxfam GB (OGB) for the fiscal years (FY) ended March 31, 2017. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit, and Support Division contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed the audit in accordance with generally accepted government auditing standards and USAID's Guidelines for Financial Audits Contracted by Foreign Recipients¹. GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on OGB's fund accountability statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations².

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate OGB's internal controls; (3) determine whether OGB complied with award terms and applicable laws and regulations; and (4) perform an audit of the indirect cost rate. To answer the audit objectives, the audit firm: (a) performed audit procedures to evaluate the effectiveness of internal controls considered relevant; and (b) examined underlying documentation which supported the financial transactions recorded as expenditures against U.S. Government Awards. The auditors expressed an unmodified opinion on the fund accountability

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients", recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

² 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 examination 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 examination performed.

statement. In GRF's opinion, the statement of indirect rate calculation is fairly stated, in all material respects in relation to the financial statements taken as a whole. The report on the fund accountability statement disclosed that the audit covered \$ 10,425,803 of USAID expenditures for the audited period.

GRF concluded that: (1) the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed by USAID, the United States Department of State (USDOS) and pass-through entities for the FY ended March 31, 2017, in the terms of the agreement and the conformity with the accrual basis of accounting, except for, plant and equipment, which is expensed when purchased with U.S. government funding; (2) the audit firm did not identify any deficiencies in internal control that were considered material weaknesses; (3) the results of the auditors' testing disclosed one instance of material noncompliance that are required to be reported under generally accepted government auditing standards pertaining to U.S. Government Regulations on terrorism. GRF identified total direct questioned costs of \$111,103 (\$73,343 ineligible, and \$37,760 unsupported) and indirect questioned costs of \$22,221 (\$14,669 ineligible, and \$7,552 unsupported). In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID Office of Acquisition and Assistance, Cost, Audit, and Support Division determine if the recipient addressed the issues noted. GRF submitted a management letter, which was included in the report.

To address the issue identified in the report, we recommend that USAID's office of Acquisition and Assistance, Cost, Audit and Support Division:

Recommendation 1. Determine the allowability of \$111,103 in direct questioned costs (\$73,343 ineligible, and \$37,760 unsupported) on page 5 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Oxfam GB corrects the material instance of noncompliance with the agreement terms and applicable laws and regulations detailed on page III-I of the audit report.

We ask that you provide your written notification of action planned or taken to reach a management decision. We appreciate the assistance extended during the engagement.

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").