



MEMORANDUM

DATE: October 29, 2020

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Supervisory Auditor, Eleanor C. Jefferson

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

SUBJECT: Financial Audit of USAID Grant AID-OFDA-A-17-00024 "Life Saving Humanitarian Assistance to Vulnerable Populations in Syria" Managed by the International Catholic Migration Commission for the Fiscal Year Ended December 31, 2018 (3-000-21-004-R)

This memorandum transmits the final audit report on the recipient contracted audit of International Catholic Migration Commission (ICMC) under award AID-OFDA-A-17-00024 with the U.S. Agency for International Development (USAID) for the fiscal year (FY) ended December 31, 2018. ICMC contracted with the independent certified public accounting firm BDO Jordan (Amman, Jordan) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States and with the USAID Office of Inspector General's Guidelines for Financial Audits Contracted by Foreign Recipients.¹ However, it did not have a continuing professional education program that fully satisfied generally accepted government auditing standards as required by U.S. Government Auditing Standards and did not have an external peer review by an unaffiliated organization because such a program is not available in Syria. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ICMC's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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."

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 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.

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 ICMC's internal controls; and (3) determine whether ICMC complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm examined fund accountability statements, internal control structure and compliance with agreement terms and applicable laws and regulations. The audit firm examined incurred costs of \$1,670,166 for the fiscal year ended December 31, 2018.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities directly procured by USAID incurred under the award for the period audited in accordance with the terms of the agreement and in conformity with the modified cash basis of accounting, except for \$1,441 in total questioned costs (\$1,226 ineligible and \$215 unsupported). 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 the USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division determine the allowability of the \$1,441 in questioned costs and recover any amount determined to be unallowable. The auditors did not identify material weaknesses in internal control, or instances of material noncompliance. In the auditor's opinion, the schedule of computation of the indirect cost rate is fairly stated, in all material respects in relation to the financial statements taken as a whole.

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").