



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

### MEMORANDUM

**DATE:** February 13, 2023

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audit Management Branch, Acting Supervisory Auditor, Sheree F. Marshall

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

**SUBJECT:** Financial Audit of People In Need Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2018 (3-000-23-003-R)

This memorandum transmits the final audit report on the recipient contracted audit of People In Need (PIN) under multiple U.S. Agency for International Development (USAID) Agreements for the fiscal year ended December 31, 2018. PIN contracted with the independent certified public accounting firm PricewaterhouseCoopers "Jordan" LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID's Financial Audit Guide for Foreign Organizations. However, it did not have an external peer review or a continuing professional education program that fully satisfied the standards' requirements because it has its own internal learning and development programs. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PIN's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 PIN's internal controls; (3) determine whether PIN complied, in all material respects, with the award terms including cost-sharing, and applicable laws and regulations that have a direct and material effect on the Fund Accountability Statement complied with award terms and applicable laws and regulations; and (4) determine if PIN took adequate corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm (1) reviewed agreements signed between USAID and PIN, contracts signed with third parties, program documents, PIN internal procedures and USAID's policies; (2) examined the fund accountability

---

<sup>1</sup> 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.

statement for the USAID programs and the related notes; (3) reviewed cost sharing contributions; (4) performed tests of controls related to the agreements' different activities; (5) performed tests of compliance with the agreements' terms and the related laws and applicable regulations; (6) performed close-out audit procedures; and (7) followed up on prior audit recommendations. The report on the fund accountability statement disclosed that USAID's audited expenditures were \$12,607,094 for the fiscal year ended December 31, 2018.

The audit firm (1) concluded the fund accountability statement presents fairly, in all material respects, the programs' revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the year ended December 31, 2018, in accordance with the terms of the agreements and in conformity with the modified accrual basis of accounting; (2) identified no material instances of internal control weaknesses and six instances of significant deficiencies in internal controls; (3) identified one material instance of noncompliance required to be reported under Government Auditing Standards; and (4) received positive feedback from PIN that its updated accounting system is up-and-running. PIN programmed an additional feature into its accounting system enabling automatic analysis. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch determine if the recipient addressed the issues noted. Finally, the auditor issued PIN with a management letter containing its observations and recommendations concerning the internal control structure and other matters resulting from its performance audit of the incurred costs under the Fund Accountability Statement of USAID resources managed and implemented by PIN.

During our desk review, we noted one issue the audit firm will need to address in future audit reports. We presented the issue in a memo to USAID's Chief Financial Officer, dated February 13, 2023.

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

**Recommendation I.** Verify that People In Need corrects the one material instance of noncompliance detailed on page 50 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").