



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

MEMORANDUM

DATE: February 23, 2023

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

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

SUBJECT: Financial Audit of Shell Foundation under Multiple USAID Agreements for the Year Ended December 31, 2020 (3-000-23-008-R)

This memorandum transmits the final audit report on the recipient contracted audit of Shell Foundation under multiple USAID agreements for the year ended December 31, 2020. Shell Foundation contracted with the independent certified public accounting firm Crowe U.K. LLP (Crowe) to conduct the audit. Crowe stated that it performed its audit in accordance with generally accepted government auditing standards, and the U.S. Agency for International Development (USAID) *Financial Audit Guide for Foreign Organizations*. However, it did not have a continuing professional education program that fully satisfied generally accepted government auditing standards and did not have an external peer review by an unaffiliated organization because such a program is not available in the United Kingdom (U.K.). Crowe is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Shell Foundation's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the fund accountability statement for the USAID-funded programs presents fairly, in all material respects, revenues received, costs incurred, and commodities directly procured by USAID for the period audited in conformity with the terms of the agreements and generally accepted accounting principles; (2) evaluate and obtain a sufficient understanding of the recipients internal control related to the USAID-funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) determine whether the recipient complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs; and (4) determine if the recipient has taken adequate corrective action on

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.

prior audit report recommendations. To answer the audit objectives, Crowe (1) obtained Shell Foundation's fund accountability statement, reconciled it to underlying accounting records, bank statements, and reports to USAID and the prime recipients, reviewed the exchange rates to confirm they were within expectations, and confirmed that the fund accountability statement separately disclosed the financial information for each USAID award and program; (2) reviewed Shell Foundation's internal controls related to USAID funded programs to obtain sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been in operation during the audited period, assessed the inherent risk, control risk, determined the detection risk of this organization, evaluated the control environment, and the adequacy of the accounting systems and control procedures; (3) performed tests to determine whether Shell Foundation complied, in all material respects, with agreements' terms and applicable laws and regulations related to US Government funded programs; and (4) reviewed the status of actions taken on the findings and recommendations report in prior audits of US Government funded programs and evaluated whether Shell Foundation has taken appropriate corrective actions. The audit covered USAID audited expenditures of \$2,819,951 for the year ended December 31, 2020.

Crowe concluded (1) the fund accountability statement referred presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the year then ended in accordance with the terms of the agreements and in conformity with the basis of accounting corresponding to the flow of funds received from USAID. Further, Crowe did not identify any ineligible or unsupported questioned costs and did not charge any indirect costs in the year ended December 31, 2020; (2) there were no significant deficiencies or material weaknesses identified in internal control; (3) there were no instances of material noncompliance; (4) there were no cost sharing arrangements; and (5) two prior year findings were closed.

During our desk review, we noted two issues which Crowe will need to address in future audit reports. We presented the issues in a memo to USAID's Chief Financial Officer, dated February 23, 2023.

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").