



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

MEMORANDUM

DATE: March 14, 2023

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

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

SUBJECT: Financial Audit of Action Contre La Faim Under Multiple Awards, for the Fiscal Year Ended December 31, 2019 (3-000-23-011-R)

This memorandum transmits the final report on the financial audit of multiple the U.S. Agency for International Development (USAID) awards managed by Action Contre La Faim (ACF), for the year ended December 31, 2019, ACF contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organizations. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ACF's schedule of expenditures of USAID awards (SEFA); 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 fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate ACF's internal controls; (3) determine whether ACF complied with the awards' terms and applicable laws and regulations; (4) perform analysis on the statement of indirect rate calculation; and (5) determine if the recipient has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm performed audit procedures to (1) examine the documentation supporting the financial transactions recorded as expenditures against the U.S. Government awards; (2) review and evaluate the ACF's internal controls related to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation. applicable to each of ACF's U.S. Government awards; (3) identified the agreement terms and

¹ We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (4) determine whether the recipient has used provisional rates to charge indirect costs to U.S. Government awards; and (5) reviewed the status of actions taken on findings and recommendations reported in prior audits of U.S. Government funded programs, and evaluated whether the recipient has taken appropriate corrective action. The audit firm examined the projects' costs of \$45,645,602 for the audited period.

The audit firm concluded that the SEFA was presented fairly, in all material respects, for costs incurred and reimbursed for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. However, the audit firm issued a management letter to report certain matters involving internal control and other immaterial instances of noncompliance. Furthermore, the audit firm stated that the statement of indirect rate calculation was fairly stated in all material respects in relation to the basic financial statements taken as a whole. The audit firm reported that four of seven prior audit findings were resolved.

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").