



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: July 20, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch, Maya Cole

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

SUBJECT: Financial Audit of Overseas Development Institute Under Multiple USAID Agreements, for the Year Ended March 31, 2020 (3-000-23-027-R)

This memorandum transmits the final audit report on the recipient contracted audit of the Overseas Development Institute (ODI) for the year ended March 31, 2020. ODI contracted with the independent certified public accounting firm of Haysmacintyre LLP (Haysmacintyre) to conduct the audit. Haysmacintyre stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and United States Agency for International Development (USAID) Guidelines for Financial Audits Contracted by Foreign Recipients. However, Haysmacintyre did not fully satisfy continuing professional education requirements or have an external peer review as required by GAGAS since no such program is offered by professional organizations in the United Kingdom. Haysmacintyre is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ODI's fund accountability statement; the effectiveness of its internal control; and 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 ODI's internal controls; (3) determine whether ODI complied with award terms and applicable laws and regulations; and (4) determine if ODI has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, Haysmacintyre (a) reviewed direct costs and indirect costs billed to and reimbursed by USAID and costs incurred by

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.

pending reimbursement by USAID, identifying and quantifying any questioned costs; (b) reviewed procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained, and adequate controls were in place over the quantities and quantities received; and (c) reviewed technical assistance and services procured by ODI, including whether technical assistance and services were used for their intended purposes in accordance with the terms of the agreement. Haysmacintyre examined ODI's costs of \$1,363,764 for the audited period.

Haysmacintyre stated that the Fund Accountability Statement 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 cash basis of accounting. Haysmacintyre did not identify any deficiencies that were considered material weaknesses in internal control and did not identify any instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. Haysmacintyre issued a management letter, which is included in the report, and which questioned \$86 of direct questioned ineligible costs due to an incorrect exchange rate being used for sampled transactions. 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 USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division determine the allowability of the \$86 in questioned costs and recover any amount determined to be unallowable.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.