



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: July 31, 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 Action Contre La Faim Under Multiple Awards, for the Fiscal Year Ended December 31, 2020 (3-000-23-030-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, 2020. ACF contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organizations. GRF 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 (SEA); 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; (5) determine if ACF has taken adequate corrective action on prior audit report recommendations; and (6) determine whether the general purpose financial statements were audited in accordance with GAGAS and whether those audited financial statements express an opinion on whether the general purpose financial statements present fairly, in all material respects. To answer the audit objectives, GRF performed audit procedures to (1) review general and program ledgers to determine whether costs incurred were properly recorded, and reconciled to direct costs billed to and reimbursed by USAID and pass-through agencies to

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.

the program and general ledgers; (2) review and evaluate ACF's internal controls related to USAID programs 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; (3) identify the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards, and assess the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (4) determine whether ACF has used provisional rates to charge indirect costs to U.S. Government awards; and (5) review the status of actions taken on findings and recommendations reported in prior audits of U.S. Government funded programs, and evaluate whether ACF has taken appropriate corrective action. GRF examined the projects' costs of \$59,368,164 for the audited period.

GRF concluded that the SEA was presented fairly, in all material respects, for costs incurred and reimbursed for the period audited. GRF did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. However, GRF prepared a report on findings and recommendations to report certain matters involving internal control and other immaterial instances of noncompliance. Furthermore, GRF 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. GRF reported that three 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"). 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.