



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 3, 2023

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

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

SUBJECT: Financial Audit Report of The Mentor Initiative Under Multiple USAID Agreements including Close-out Grants for the Year Ended September 30, 2019 (3-000-23-031-R)

This memorandum transmits the final audit report of The Mentor Initiative (TMI) recipient contracted audit under multiple agreements for the U.S. Agency for International Developments (USAID) including close-out grants for the year ended September 30, 2019. TMI contracted with the independent certified public accounting firm Moore Kingston Smith LLP to conduct the audit. Moore Kingston Smith stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and the April 2019 USAID Financial Audit Guide for Foreign Organizations. However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. Moore Kingston Smith is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on TMI'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) provide an opinion on whether the fund accountability statement is fairly stated for the year ended 30 September 2019; (2) determine whether TMI's operating internal controls are sufficient to reduce to a low level the risk that the fund accountability statement is materially misstated; and (3) assess whether TMI complied in all material respects with the terms of their agreements with USAID. To answer the audit objectives, Moore Kingston Smith (1) reviewed the applicable documents and information relevant to these USAID programs; (2) examined the underlying documentation which supported the financial transactions relevant to these USAID programs; (3) evaluated the compliance procedures in relation to applicable laws and regulations; (4) evaluated the effectiveness of the design of internal controls relevant to detecting material non-compliance;

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.

(5) reviewed unliquidated advances to the recipient and pending reimbursements by USAID when performing final closeout audits and ensured that TMI returned any excess cash to USAID; and (6) ensured that all assets (inventories, fixed assets, commodities, etc.) procured with program funds were disposed of in accordance with the terms of the agreements. Moore Kingston Smith audited total USAID expenditures of \$6,555,919 in the audited period.

Moore Kingston Smith concluded that (1) TMI's 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 in accordance with the terms of the agreements and in conformity with the accruals basis of accounting; (2) it identified no questioned costs; (3) it identified no material instances of noncompliance; (4) it noted no significant deficiencies in internal controls; (5) its opinion on TMI's Schedule of Computation of Indirect Cost Rate was unmodified; (6) nothing came to Moore Kingston Smith's attention causing it to believe that TMI did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the life of project cost sharing contributions schedule.; and (7) no equipment was purchased using USAID funds for awards closed in the period. Moore Kingston Smith did not issue TMI with a management letter.

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.