



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 24, 2023

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

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

SUBJECT: Financial Audit of USAID Resources Managed by Stichting ZOA in Multiple Countries Under Multiple Awards, January 1 to December 31, 2019 (Report No. 3-000-23-042-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development's (USAID) Resources Managed by Stichting ZOA under multiple awards for the fiscal year ended (FY) December 31, 2019. Stichting ZOA contracted with the independent certified public accounting firm Crowe U.K. LLP, London, 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 Organization, except that the audit firm did not fully satisfy continuing professional education requirements set forth in generally accepted government auditing standards and did not have an external peer review program since no such program is offered in the United Kingdom. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Stichting ZOA's fund accountability statement; 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 Stichting ZOA's internal controls; (3) determine whether Stichting ZOA complied with award terms and applicable laws and regulations; (4) review the cost-sharing/matching contributions; (5) review the indirect cost rate; and (6) review the implementation status of the prior period recommendations. To answer the audit objectives, Crowe U.K. LLP (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues received from USAID for the period covered by the audit and the costs reported by Stichting ZOA as incurred from January 1 to December 31, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that

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.

pertain to Stichting ZOA 's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (3) identified the award terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. Stichting ZOA reported expenditures of \$ 7,380,579 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited, except for \$ 9,794 in total indirect questioned costs (\$9,794 unsupported); no material weaknesses in internal control; and two instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation and are indirect, we are not making a recommendation. Nevertheless, we suggest that USAID/M/OAA/CAS/CAM determine the allowability of the \$9,794 in questioned costs and recover any amount determined to be unallowable. Based on our review, nothing came to our attention that caused us to believe that ZOA did not fairly present the cost sharing/counterpart contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing/counterpart contributions schedule. The audit firm issued a management letter.

During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented this issue in a memo to the controller, dated August 24, 2023.

To address the issue identified in the report, we recommend that USAID/M/OAA/CAS/CAM:

Recommendation I. Verify that Stichting ZOA corrects the two instances of material noncompliance detailed on pages 39 through 41 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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.