



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: December 8, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch, Supervisory Auditor, Sheree 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, 2021 (Report no. 3-000-24-015-R)

This memorandum transmits the final report on the financial audit of multiple U.S. Agency for International Development (USAID) awards managed by Action Contre La Faim (ACF), for the year ended December 31, 2021. ACF contracted with the independent certified public accounting firm of 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 the 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 (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 an audit of the indirect cost rate; (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, the results of ACF's operations for the year then ended, in conformity with generally accepted accounting principles. To answer the audit objectives, GRF performed audit procedures that (1) reviewed general 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.

program ledgers to determine whether costs incurred were properly recorded, and reconciled direct costs billed to and reimbursed by USAID and pass-through agencies to the program and general ledgers; (2) reviewed and evaluated 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) identified the agreement terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (4) determined whether ACF 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 ACF has taken appropriate corrective action. GRF examined the projects' costs of \$59,793,506 for the audited period.

GRF concluded that the SEFA was presented fairly, in all material respects, the costs incurred and reimbursed by USAID for the year ended December 31, 2021, were in accordance with the terms of the agreements. GRF did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. However, GRF noted certain matters involving internal control and its operation, and immaterial non-compliance instances reported to the management of ACF in the report on findings and recommendations. Furthermore, GRF stated that the statement of indirect rate calculation was fairly stated in all material respects in relation to the general-purpose financial statements as a whole. The general-purpose financial statements of ACF for the year ended December 31, 2021, were audited by other auditors, who expressed an unmodified opinion. GRF reported that one prior audit finding was still unresolved.

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.