



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: January 12, 2024

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch, Sheree F. Marshall, Supervisory Auditor

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

SUBJECT: Financial Audit of USAID Resources Managed by Deutsche Welthungerhilfe e.V. in Multiple Countries under Multiple Awards for the Year Ending 2021 (3-000-24-020-R)

This memorandum transmits the final audit report on the schedule of expenditures and closeout audit report on Deutsche Welthungerhilfe e.V. (hereinafter referred to as WHH) for the year ended December 31, 2021. WHH contracted with the independent audit firm BDO AG (BDO) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the U.S. Agency for International Development (USAID) Financial Audit Guide for Foreign Organizations. However, it did not have an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on WHH's schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate the WHH's internal controls; (3) determine whether WHH complied with award terms and applicable laws and regulations; and (4) determine if WHH has taken adequate corrective action on prior audit report actions. To answer the audit objectives, BDO (1) reviewed direct and indirect costs billed to and reimbursed by USAID and costs incurred but pending reimbursement by USAID, identifying and quantifying any questioned costs; (2) reviewed general and program ledgers to determine whether costs incurred were properly recorded; (3) reconciled direct costs billed to and reimbursed by USAID to the program and general ledger; (4) reviewed procedures used to control funds; (5) reviewed bank accounts and

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.

controls on those bank accounts; (6) determined whether funding received by the recipient was appropriately recorded in the account records and that those records were periodically reconciled with information provided by USAID; and (7) determined whether program income was added to funds used to further eligible project or program objectives. The report on the schedule of expenditures of USAID awards statement disclosed that BDO audited \$1,651,130.40 of USAID total expenditures for the period January 1, 2021, to December 31, 2021.

BDO concluded that the schedule of expenditures of USAID awards was presented fairly, in all material respects, for costs incurred and reimbursed for the period audited. Additionally, BDO did not identify any questioned costs, material weaknesses in internal control, or instances of noncompliance required to be reported under U.S. Government Auditing Standards. Nothing came to BDO's attention that caused BDO to believe that WHH did not fairly present the cost sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing schedule. BDO noted that a previous recommendation was 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.