



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 6, 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 2022 (3-000-24-040-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, 2022. WHH contracted with the independent audit firm BDO AG (hereinafter referred to as 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 Financial Audit Guide (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 USAID-funded awards presents fairly, in all material respects, revenues received, costs incurred, and assets, commodities and technical assistance directly procured by USAID funding for the period audited in conformity with the terms of the awards; (2) evaluate and obtain a sufficient understanding of the recipient's internal controls related to the USAID-funded programs, assess control risks, and identify reportable conditions, including material internal control weaknesses; (3) determine whether the recipient complied, in all material respects, with agreement terms, applicable laws and regulations related to the USAID-funded programs, including cost-sharing contributions; and (4) determine if WHH has taken adequate corrective action on prior audit report actions. To answer the audit objectives, BDO

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.

(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) 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 (3) 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 \$1,864,545 of USAID total expenditures for the period January 1, 2022, to December 31, 2022.

BDO concluded that the schedule of expenditures of USAID Awards referred to above presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the year then ended in accordance with the terms of the agreements. 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. There was no cost sharing in any of the projects of WHH for the period January 1 to December 31, 2022. BDO reported no audit findings or recommendations of USAID awards identified in the prior year's audit report.

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.