



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: April 19, 2024

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 USAID multiple awards managed by Polska Akcja Humanitarna for the year ended December 31, 2019 (3-000-24-051-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Polska Akcja Humanitarna (PAH) under multiple awards for the fiscal year ended December 31, 2019. PAH contracted with SRL DGST & Partners (DGST) to conduct the audit. DGST stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. However, DGST did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such a program is not offered in Belgium. DGST is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PAH's schedule of expenditures, the effectiveness of its internal control, or its compliance with the awards, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the fund accountability statement of USAID-funded programs presents fairly in all material respects, revenues received and costs incurred for the period audited in conformity with the terms of the agreements and generally accepted accounting principles; (2) evaluate PAH's internal controls and; (3) perform tests to determine whether PAH complied, in all material respects, with agreement terms, and applicable laws and regulations related to USAID-funded programs. To answer the audit objectives, DGST (a) obtained an understanding of PAH's design of internal control components related to financial reporting and compliance with laws and regulations; (b) tested

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.

relevant internal controls over financial reporting and compliance; and (c) evaluated the overall presentation of the fund accountability statement and its notes, especially as questioned cost are concerned. DGST examined total USAID expenditures of \$1,309,824 for the period audited.

DGST concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, the costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period audited, in accordance with the terms of the agreement. DGST identified \$325 in immaterial illegible questioned costs (a \$133 error in a calculation that PAH agreed to pay back to the donor and a \$192 mistake in the allocation of a mobile phone to a wrong grant). DGST identified no material weaknesses in internal control, or instances of material noncompliance that would be reportable under GAGAS. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch determine the allowability of the \$325 in questioned costs and recover any amount determined to be unallowable. DGST issued 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 oinotice_ndaa5274@usaid.gov.