



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: April 23, 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 Norwegian People's Aid Under Multiple Awards for the Year Ended December 31, 2017 (3-000-24-052-R)

This memorandum transmits the final audit report on the financial audit of multiple U.S. Agency for International Development (USAID) awards managed by Norwegian People's Aid (NPA) for the year ended December 31, 2017. NPA contracted with the independent audit firm Gelman Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed its audit in accordance with generally accepted government auditing standards 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 NPA'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 presents fairly in all material respects, the revenues received, costs incurred and technical assistance directly procured with USAID funding for the period audited in conformity with the terms of the awards; (2) evaluate obtain a sufficient understanding of the NPA's internal controls related to the USAID funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) determine whether the recipient complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs; and (4) determine if NPA has taken adequate corrective measures on prior audit report recommendations. To answer the audit objectives, GRF performed audit procedures to (1) review direct and indirect costs billed to and reimbursed by USAID and costs incurred but pending reimbursement, and identify and quantify any questioned cost; (2) review and evaluate the recipient's internal controls related to USAID

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.

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; and (3) identify 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. GRF examined total expenditures of \$3,241,992 for the audited period.

GRF concluded that the schedule of expenditures of USAID awards referred to above presents fairly, in all material respects, the costs incurred and reimbursed by USAID and pass-through entities for the year ended December 31, 2017, in accordance with the terms of the agreements. GRF identified \$45,253 in direct questioned costs (\$23,999 Ineligible and \$21,254 unsupported). GRF identified three significant deficiencies in internal controls. GRF did not identify any deficiencies in internal control over compliance that were considered material weaknesses. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that the USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division/Contract Audit Management Branch determine if the recipient addressed the issues noted. GRF noted that six prior year audit recommendations were cleared, and three remained open. The report titled "Independent Auditor's Report on Findings and Recommendations" is GRF's formal management letter resulting from its compliance examination.

To address the issues identified in the report, we recommend that USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division/Contract Audit Management Branch:

Recommendation I. Determine the allowability of \$45,253 in questioned costs (\$23,999 ineligible, \$21,254 unsupported) on pages III-2 and III-3 of the audit report and recover any amount that is unallowable.

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.