



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

MEMORANDUM

DATE: May 13, 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 Coopi - Cooperazione Internazionale Under Multiple Awards, January 1, 2022 to December 31, 2022 (3-000-24-059-R)

This memorandum transmits the final report on the financial audit of the U.S. Agency for International Development (USAID) awards managed by Coopi - Cooperazione Internazionale (COOPI) for the period January 1, 2022 to December 31, 2022. COOPI contracted with the independent certified public accounting firm BDO Italia S.p.A (BDO) to conduct the audit. BDO stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organization. However, BDO did not have a continuing professional education program and external quality control reviews that fully satisfy the GAGAS requirements. BDO is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on COOPI'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 programs presents fairly, in all material respects, revenues received, costs incurred, and commodities directly procured by USAID for the period audited in conformity with the terms of the agreements and generally accepted accounting principles; (2) evaluate and obtain an enough understanding of COOPI's internal controls related to the USAID-funded programs, assess control risk, and identify reportable conditions, including material internal control weakness, including the internal control related to required cost sharing/counterpart contributions; (3) perform tests to determine whether COOPI complied, in all material respects, with agreement terms and applicable laws and regulations

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.

related to USAID-funded program. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred must be identified; and (4) perform an audit of the indirect cost rate. To answer the audit objectives, BDO: (1) examined if revenues received from USAID, less the cost incurred, after considering any reconciling items, were reconciled with the balance of cash-on-hand and bank accounts; and (2) evaluated program implementation actions and accomplishments to determine whether specific costs incurred are allowable, allocable, and reasonable under the agreement terms, and to identify areas where fraud and illegal acts have occurred or are likely to have occurred as a result of inadequate internal control; and (3) determined if it was allowable to charge overtime to the program as well as allowances and fringe benefits received by employees were in accordance with the agreement. BDO examined the projects' USAID costs of \$3,545,884 for the audited period.

BDO concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period audited in accordance with the terms of the agreements. BDO did not identify any questioned costs, material weaknesses in internal controls, and no instances of material noncompliance. BDO reported that nothing came to its attention that caused BDO to believe that COOPI 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 concluded that the schedule of computation of the indirect cost rate is fairly stated in all material respects in relation to the basic financial statement taken as a whole. Also, BDO concluded that the financial statements presented fairly, in all material respects, the financial position of COOPI on December 31, 2022, and the results of its operation and its cash flows for the year then ended in conformity with generally accepted accounting principles. BDO reported that previous audit report recommendations were implemented. BDO issued a management letter.

During our desk review, we identified two issues BDO will need to address in future audit reports. We presented the issue in a memo to USAID's Chief Financial Officer, dated May 13, 2024.

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.