



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

MEMORANDUM

DATE: May 15, 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 Vétérinaires Sans Frontières Germany Under Multiple Awards for the year ended December 31, 2022 (3-000-24-060-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Vétérinaires Sans Frontières Germany (VSF Germany) Under Multiple Awards for the year ended December 31, 2022. VSF Germany contracted with the independent certified public accounting firm of PricewaterhouseCoopers LLP (PwC) to conduct the audit. PwC stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID's Financial Audit Guide for Foreign Organizations. However, it did not fully satisfy the continuing professional education requirement in GAGAS. In addition, PwC reported it did not have an external peer review because no such program is offered by professional organizations in Kenya. PwC is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on VSF Germany's fund accountability statement; 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 statement of expenditures for the USAID-funded projects prepared by VSF Germany presented fairly, in all material respects, revenues received and costs incurred for the period audited in conformity with the terms of the agreement and generally accepted accounting principles; (2) evaluate and obtain a sufficient understanding of the VSF Germany's internal control structure related to the projects, assess control risk, and identify significant deficiencies, including material internal control structure weaknesses; (3) perform tests to determine whether VSF Germany complied, in all material respects, with agreement terms and applicable laws and regulations related with

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.

USAID-funded projects; and (4) determine whether VSF Germany has taken adequate action on prior audit report recommendations. To answer the audit objectives, PwC: (1) examined the statement of expenditures for the USAID funding programmes, including the budgeted amounts by category and major items, the revenues from USAID and the costs reported by VSF Germany as incurred during the period audited, (2) reviewed direct and indirect costs billed to and reimbursed by USAID, (3) obtained an understanding of the design of the internal control related to USAID programs and determined whether they have been placed in operation, and (4) identified the 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. PwC reported total USAID audited expenditures of \$ 5,191,476 for the period audited.

PwC concluded that the schedule of expenditures presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. PwC identified did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. PwC reported that two prior audit report recommendations were not implemented.

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.