



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 21, 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 Stichting SNV Nederlandse Ontwikkelingsorganisatie Under Multiple Awards for the Year Ended December 31, 2022 (3-000-24-062-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Stichting SNV Nederlandse Ontwikkelingsorganisatie (SNV) under multiple awards for the year ended December 31, 2022. SNV contracted with the independent certified public accounting firm of Crowe U.K. LLP (Crowe) to conduct the audit. Crowe 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, Crowe did not have external quality control review and a continuing education program that fully satisfied the GAGAS requirements. Crowe is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on SNV'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 Schedule of Expenditure of Federal 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; (2) evaluate and obtain a sufficient understanding of SNV internal control related to the USAID-funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) determine whether SNV complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs; (4) for final closeout audits, review unliquidated advances to the recipient and pending reimbursements by the US Government, ensure that the recipient has returned any

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.

excess cash to the US Government, and ensure that all assets procured with program funds were disposed of in accordance with the terms of the agreements; and (5) review cost-sharing/matching contributions to determine whether cost-sharing/matching contributions were provided and accounted for by the recipient in accordance with the terms of the agreements. To answer the audit objectives, Crowe (1) obtained the fund accountability statement prepared by the grant recipient which was reconciled to underlying accounting records, bank statements, and reports to USAID; (2) reviewed the SNV's internal controls related to USAID programs to obtain sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been in operation during the audited period; (3) performed tests to determine whether SNV complied, in all material respects, with agreement terms, including cost-sharing/counterpart contributions, and applicable laws and regulations related to USAID-funded programs; and (4) reviewed the cost share schedule to determine whether the contributions were provided and accounted for by SNV. Crowe reported total USAID audited expenditures of \$ 1,615,247 for the year ended December 31, 2022.

Crowe concluded that the Schedule of Expenditure of USAID Awards presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID or pass-through entities for the year then ended in accordance with the terms of the agreements. Crowe identified ineligible questioned costs for \$918 (direct questioned cost \$845 and \$43 indirect questioned cost), no material weakness in internal controls, and no instances of material noncompliance that are required to be reported here 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 determine the allowability of the \$845 in direct questioned costs and recover any amount determined to be unallowable. Crowe reported that based on its review, nothing came to their attention that caused them to believe that SNV did not fairly present the cost-sharing/counterpart contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing/counterpart contributions schedule. Crowe reported that for the final closeout audits, no assets or inventory were remaining at the end of the project that required a disposition plan. Crowe reported that previous audit report recommendations were not implemented. Crowe noted certain immaterial instances of noncompliance that were reported to the management of SNV in a separate letter dated February 5, 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.