



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** June 7, 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 IMPACT Initiatives Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2022 (3-000-24-067-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by IMPACT Initiatives (IMPACT) under multiple awards for the fiscal year ended December 31, 2022. IMPACT contracted with Gelman Rosenberg & Freedman CPAs & Advisors (GRF) to conduct the audit. GRF stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and the U.S. Agency for International Development (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 IMPACT's fund accountability statement, the effectiveness of its internal control, or its compliance with the awards, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of USAID awards for the USAID and pass-through agencies funded awards present fairly in all material respects, the revenues received and costs incurred for the period audited in conformity with the terms of the agreements; (2) evaluate and obtain a sufficient understanding of IMPACT's internal controls related to the USAID and pass-through agencies funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) perform tests to determine whether IMPACT complied, in all material respects, with agreement terms (including cost-sharing/matching contributions, if applicable) and applicable laws and regulations related to USAID and pass-through agencies funded programs;

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<sup>1</sup> 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.

and (4) determine if IMPACT has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, GRF (a) reviewed direct and indirect costs billed to and reimbursed by USAID and pass-through agencies and costs incurred but pending reimbursement, and identified and quantified any questioned costs; (b) reviewed and evaluated IMPACT's internal controls related to USAID 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; (c) 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 fund accountability statements, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; and (d) reviewed the status of actions taken on findings and recommendations reported in prior audits of USAID funded programs, and evaluated whether IMPACT has taken appropriate corrective action. GRF examined total USAID expenditures of \$ 6,810,180 for the period audited.

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 the United States Agency for International Development (USAID) and pass-through entities for the year ended December 31, 2022, in accordance with the terms of the agreements. GRF did not identify any questioned costs, material weaknesses in internal control, or deficiencies in internal control over compliance that were considered material weaknesses. GRF noted certain matters involving the internal control and its operation, and immaterial instances of noncompliance that were reported to the management of IMPACT Initiatives in its report on findings and recommendations dated September 14, 2023. Furthermore, GRF reported that the two audit findings or recommendations pertaining to USAID awards identified in the prior year's audit report were cleared.

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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).