



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

MEMORANDUM

DATE: August 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 Hilfswerk der Evangelisch-reformierten Kirche Schweiz – Swiss Church Aid (HEKS/EPER) Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2023 (3-000-24-072-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Hilfswerk der Evangelisch-reformierten Kirche Schweiz – Swiss Church Aid (HEKS/EPER) under multiple awards for the fiscal year ended December 31, 2023. HEKS/EPER 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 HEKS/EPER's fund accountability statement, the effectiveness of its internal control, or its compliance with the awards, 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 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 HEKS/EPER'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 HEKS/EPER complied, in all material respects, with agreement terms (including cost-sharing/matching contributions, if

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.

applicable) and applicable laws and regulations related to USAID and pass-through agencies funded programs; and (4) determine if HEKS/EPER 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 HEKS/EPER'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 HEKS/EPER has taken appropriate corrective action. GRF examined total USAID expenditures of \$ 5,767,418 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, 2023, in accordance with the terms of the agreements. GRF did not identify any questioned costs. GRF did not identify any deficiencies in internal control that were considered material weaknesses in internal control. However, GRF did identify a certain deficiency in internal control that was considered to be a significant deficiency that was also disclosed as an instance of noncompliance required to be reported in accordance with Government Auditing Standards. In addition, 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 on page 111-2. GRF noted certain other matters involving internal control and its operation, and certain immaterial instances of noncompliance that were reported to the management of HEKS/EPER in its report on current year findings and recommendations dated June 10, 2024. GRF reported that the audit finding pertaining to USAID awards identified in the prior year's audit report was 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.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.