



*Office of Inspector General*

## **MEMORANDUM**

**DATE:** March 26, 2018

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Branch Chief, David A. McNeil

**FROM:** Acting Director of External Financial Audits, Abdoulaye Gueye /s/

**SUBJECT:** Audit of Première Urgence Internationale Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2016 (3-000-18-009-R)

This memorandum transmits the final audit report on the recipient contracted audit of Première Urgence Internationale (PUI) for fiscal year ended December 31, 2016. PUI contracted with Gelman, Rosenberg & Freedman to conduct the recipient contracted audit. The contract required Gelman, Rosenberg & Freedman to perform the audit in accordance with generally accepted government auditing standards and the U.S. Agency for International Development (USAID), Office of Inspector General's *Guidelines for Financial Audits Contracted by Foreign Recipients* issued in February 2009<sup>1</sup>.

Gelman, Rosenberg and Freedman states that it performed its audit in accordance with generally accepted government auditing standards and the Office of Inspector General's *Guidelines for Financial Audits Contracted by Foreign Recipients*. Gelman, Rosenberg and Freedman is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PUI's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations<sup>2</sup>.

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate PUI's internal controls; (3) determine whether PUI complied with awards' terms and applicable laws and regulations; (4) report on the cost sharing schedule and determine if the cost sharing schedule was presented fairly; and (5) express an opinion on the statement of the indirect rate calculation. To answer the audit objectives, the audit firm: (a) performed audit procedures to evaluate the effectiveness of internal controls

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its *Guidelines for Financial Audits Contracted by Foreign Recipients*, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the *Guidelines*.

<sup>2</sup> We reviewed the audit firm's 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 auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

considered relevant to prevent or detect material noncompliance applicable to PUI's U.S. Government Awards; and (b) examined supporting documentation for financial transactions, which were selected based on a random sample as well as on the materiality of the transaction. The report on the fund accountability statement disclosed that PUI's audited expenditures were \$17,233,135 and USAID's audited expenditures were \$11,589,224 for the fiscal year ended December 31, 2016.

Gelman, Rosenberg and Freedman concluded that: (1) the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed by USAID and the United States Department of State for the year ended December 31, 2016, in accordance with the terms of the agreements and in conformity with the accrual basis of accounting except for plant and equipment that is expensed when purchased; (2) Gelman, Rosenberg and Freedman did not identify any deficiencies in internal control that were considered material weaknesses; (3) the results of the auditors testing disclosed no instances of noncompliance that are required to be reported under U.S. *Government Auditing Standards*; (4) nothing came to their attention that caused Gelman, Rosenberg and Freedman to believe that PUI did not fairly present the cost sharing schedule, in all material respects, in accordance with the accrual basis of accounting; and (5) the statement of indirect rate calculation was prepared from financial statements audited by other auditors who expressed an unmodified opinion. In Gelman, Rosenberg and Freedman's opinion, the statement of indirect cost rate is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. Gelman, Rosenberg and Freedman did not identify any findings or questioned costs.

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").

If you have any questions related to this report, please contact Steve Shea, Assistant Director, at (202) 712-1386 or [sshea@usaid.gov](mailto:sshea@usaid.gov).

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