



## MEMORANDUM

**DATE:** October 29, 2018

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

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

**SUBJECT:** Audit of Agency for Technical Cooperation and Development Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2016 (3-000-19-001-R)

This memorandum transmits the final audit report on the recipient contracted audit of the Agency for Technical Cooperation and Development (ACTED) for fiscal year (FY) ended December 31, 2016. ACTED contracted with Emargence Experts of Paris, France to conduct the audit. The contract required Emargence Experts to perform the audit in accordance with U.S. government auditing standards issued by the Comptroller General of the U.S. 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>.

Emargence Experts states that it performed its audit in accordance with U.S. government auditing standards issued by the Comptroller General and the Office of Inspector General's *Guidelines for Financial Audits Contracted by Foreign Recipients* except that the audit firm's professional education program did not fully satisfy the continuing professional education requirements set forth in U.S. government auditing standards issued by the Comptroller General and its external quality control review did not meet U.S. government auditing standards issued by the Comptroller General since no comparable program is offered in France. Emargence Experts is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ACTED'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

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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 On June 30, 2017, USAID OIG rescinded its *Guidelines for Financial Audits Contracted by Foreign Recipients*, recognizing the Agency's role to impose requirements on its implementing partners and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.

ACTED's internal controls; (3) determine whether ACTED complied with the awards' terms and applicable laws and regulations; and (4) express an opinion on the schedule of computation of indirect cost rate. To answer the audit objectives, the audit firm: (a) evaluated evidence supporting the amounts and disclosures in the fund accountability statement; (b) reviewed compliance with agreement terms and applicable laws and regulations; and (c) tested the computation of the indirect cost rate. The report on the fund accountability statement disclosed that ACTED's audited expenditures were \$50,743,847, and USAID's audited expenditures were \$47,287,465 for the fiscal year ended December 31, 2016. There was no management letter submitted with the audit report,

Emergence Experts concluded that: (1) the fund accountability statement presented fairly, in all material respects, program revenues received, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID and the United States Department of State for the year ended December 31, 2016 in accordance with the terms of the agreement and in conformity with the accrual basis of accounting except for property and equipment that is expensed when purchased; (2) the auditor did not identify any deficiencies that were considered material weaknesses in internal control; (3) the auditor disclosed no material instances of noncompliance that are required to be reported under U.S. Government Auditing Standards; and (4) the schedule of computation of indirect cost rate was prepared from financial statements on which Emergence Experts expressed an unmodified opinion. In Emergence Experts' opinion, the schedule of computation of indirect cost rate is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. Emergence Experts did not identify any material 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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