



## MEMORANDUM

**DATE:** July 23, 2019

**TO:** USAID/M/OAA/CAS/CAM, Branch Chief, David McNeil

**FROM:** USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by Vétérinaires Sans Frontières Germany in Multiple Countries Under Multiple Awards, January 1, 2017, to July 31, 2018 (Report No. 4-000-19-107-R)

This memorandum transmits the final audit report on Vétérinaires Sans Frontières Germany (VSF Germany) under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Audited Period</b>
Livestock Emergency Response Program II (LERP II) in South Sudan (Grant)	AID-OFDA-G-16-00188	January 1, 2017- July 31, 2017
Livestock Emergency Response program III (LERP III) in South Sudan (Grant)	AID-OFDA-G-17-00122	August 1, 2017-July 31, 2018
Emergency Relief Response to Newly Displaced People Destitute Vulnerable Host Communities in Blue Nile State in Sudan (EMREND) (Grant)	AID-OFDA-G-16-00133	January 1, 2017- July 31, 2018
Drought Emergency Assistance through Livelihood and WASH Sector Harmonization in Aba'ala, Berehale and Kuneba Districts of Afar Region in Ethiopia (DEALWASH)(Grant)	AID-OFDA-G-16-00221	January 1, 2017- December 31, 2017

VSF Germany contracted with the independent certified public accounting firm PricewaterhouseCoopers, Nairobi, Kenya to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit firm states that it performed its audit in accordance with GAGAS, except that the audit firm did not have continuing professional education and external peer review programs that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on VSF Germany's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</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 VSF Germany's internal controls; (3) determine whether VSF Germany complied with award terms and applicable laws and regulations; (4) review the indirect cost rate if applicable; and (5) review the implementation status of prior period recommendations.

To answer the audit objectives, PwC (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues received from USAID for the period covered by the audit and the costs reported by VSF Germany as incurred from January 1, 2017, to July 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to VSF Germany's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (3) identified the award 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 statement; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of prior period recommendations. VSF Germany reported expenditures of \$4,315,387 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm did not report any questioned costs, material weaknesses in internal control or material instances of noncompliance. In addition, although we are not making a recommendation for the one significant deficiency noted in the report, we suggest that USAID/M/OAA/CAS/CAM determine if the recipient addressed the issue noted. The audit firm issued a management letter containing immaterial instances of noncompliance.

Accordingly we are not making any recommendations.

We appreciate the assistance extended during the engagement.

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<sup>1</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.

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”).