



MEMORANDUM

DATE: August 21, 2019

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 Division, Steve Shea /s/

SUBJECT: Audit of HelpAge International Under Multiple USAID Awards for the Fiscal Year Ended March 31, 2017 (3-000-19-018-R)

This memorandum transmits the final audit report on the recipient contracted audit of HelpAge International for fiscal year (FY) ended March 31, 2017. HelpAge International contracted with Sayer Vincent LLP to conduct the audit. The contract required Sayer Vincent LLP to perform the audit in accordance with generally accepted government auditing standards and the *Guidelines for Financial Audits Contracted by Foreign Recipients*.¹

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards and the *Guidelines for Financial Audits Contracted by Foreign Recipients* except that the audit firm did not participate in an external quality control review program as a non-U.S. audit firm that fully satisfies *U.S. Government Auditing Standards* and did not have a continuing education program that fully satisfies Chapter 3, paragraph 3.76 of *U.S. Government Auditing Standards*. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on HelpAge International's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.²

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 HelpAge International internal controls; (3) determine whether HelpAge International complied with award 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) performed audit procedures to evaluate the effectiveness of the design and operation of internal controls that are sufficient to reduce to a low level the risk that the fund accountability statement is materially misstated, and (b) assess whether HelpAge International has complied in all material respects with the terms of their agreements with the U.S. Agency for International Development (USAID). The audit firm examined \$1,365,202 of USAID's incurred costs for the FY ended March 31, 2017.

¹ 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.

² 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.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance in conformity with the modified accrual basis of accounting for the period audited, except for \$4,929 total questioned costs (\$4,263 unsupported direct, and \$666 unsupported indirect). Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division determine the allowability of the \$4,263 in direct questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the non-material deficiencies in internal control or non-material instances of noncompliance noted in the report, we suggest USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division determine if the recipient addressed the issues noted.

We appreciate the assistance extended during the engagement.

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").