



MEMORANDUM

DATE: August 30, 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 Norwegian Church Aid Under Grant Number AID-OFDA-G-17-00259, for the Year Ended September 30, 2018 (3-000-19-019-R)

This memorandum transmits the final audit report on the recipient contracted audit of Norwegian Church Aid (NCA) under U.S. Agency of International Development (USAID) grant number AID-OFDA-G-17-00259, for the year ended September 30, 2018. NCA contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman to conduct the audit. The audit firm stated that the contract required the audit firm 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. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NCA's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, 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 NCA's internal controls; and (3) determine whether NCA complied with award terms and

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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.

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.

applicable laws and regulations. To answer the audit objectives, the audit firm performed audit procedures to evaluate the effectiveness of the design and operation of the internal controls that it considered relevant to preventing or detecting material noncompliance with the compliance requirements applicable to each of NCA's U.S. Government awards. These procedures included examining the underlying documentation which supported the financial transactions recorded as expenditures against the U.S. Government awards. Gelman, Rosenberg & Freedman's selection of the items it examined was based upon a random sample of transactions as well as on the materiality of certain transactions. In addition, the audit firm performed procedures to evaluate the effectiveness of internal controls related to the USAID funded programs, assess control risk, and identify significant deficiencies including material weaknesses. The audit firm also performed tests to determine whether NCA complied, in all material respects, with the agreement terms, and applicable laws and regulations related to the USAID award. The audit firm examined \$1,122,413 for the fiscal year ended September 30, 2018.

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 issued NCA a management letter which was included in its report in the section titled Independent Auditor's Report on Findings and Recommendations.

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").