



MEMORANDUM

DATE: August 2, 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 [REDACTED] Under Multiple USAID Agreements Implemented in Multiple Countries, for the Fiscal Year Ended December 31, 2017 (Report No. 4-000-19-119-R)

This memorandum transmits the final audit report on USAID resources managed by [REDACTED] under the following awards:

Award Name (Type)	Award Number	Audited Period	Prime implementer
Emergency Health and Nutritional Care in West Africa (grant)	AID-OFDA-G-17-00074	April 1, 2017-Dec. 31, 2017	
Multi-sectoral Emergency Intervention Befitting IDP's and Host Communities Affected by the Lake Chad Basin Crisis in West Africa (grant)	AID-OFDA-G-17-00128	June 1, 2017-Dec. 31, 2017	
Comprehensive Prevention and Curative Health, Nutrition and WASH Package to Mothers and Children (grant) – North Africa	AID-OFDA-G-17-00147	Aug. 1, 2017-Dec. 31, 2017	
The MUAC Revolution: A new Role for an Old Tool to Scale-up and Simplify Malnutrition Treatment (grant)-West Africa	AID-OFDA-G-17-00211	July 1, 2017-Dec. 31, 2017	
Strengthening Capacities of Malian Health-Care Providers for the Inpatient Treatment of Sam Children (grant) – West Africa	AID-OFDA-G-17-00257	Aug. 1, 2017-Dec. 31, 2017	

Multi-sectoral Emergency Intervention Benefitting IDPs and Hot Communities Affected by the On-Going Crisis in East Africa (grant)	AID-OFDA-G-17-00268	Aug. 1, 2017-Dec. 31, 2017	
High Impact, Easy to Scale Up, Comprehensive Medical, Nutritional, and WASH Pediatric Package in West Africa (grant). Closeout	AID-OFDA-G-16-00161	Jan. 1, 2017-Jul. 14, 2017	
Innovative Nutritional, Medical and WASH support for Children under 5 in North Africa (grant). Closeout	AID-OFDA-G-16-00198	Jan. 1, 2017-Jul. 31, 2017	
Emergency Health and Nutritional care in West Africa (grant). Closeout	AID-OFDA-G-16-00208	Jan. 1, 2017-March 31, 2017	
Nutritional Intervention to Benefit IDP's and Host Communities in West Africa (grant). Closeout	AID-OFDA-G-16-00230	Jan. 1, 2017-Jan.31, 2017	
Receipt, rapid transportation, delivery and distribution of the communities to vulnerable populations in West Africa (pass-through grant)	AID-FFP-G-16-00133	Jan. 1, 2017-Dec. 31, 2017	USA award
Receipt/loading, rapid transportation, delivery and distribution of self-stable prepackaged food commodities in West Africa (pass-through grant)	AID-FFP-G-16-00136	Jan. 1, 2017-Dec. 31, 2017	USA award
Receipt, rapid transportation, delivery and distribution of the communities to vulnerable populations in West Africa (pass-through grant). Closeout	AID-FFP-G-15-00098	Jan. 1, 2017-April 6, 2017	USA award
Receipt, rapid transportation, delivery and distribution of the commodities to vulnerable populations in West Africa (pass-through grant). Closeout	AID-FFP-G-15-00092	Jan. 1, 2017-April 7, 2017	USA award

[REDACTED] contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman, Bethesda, Maryland, 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. The audit firm is responsible for the enclosed report and the conclusions expressed in it.

We do not express an opinion on [REDACTED] fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 [REDACTED] internal controls; (3) determine whether [REDACTED] complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of prior period recommendations.

To answer the audit objectives, Gelman, Rosenberg & Freedman (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 [REDACTED] as incurred from January 1 to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to [REDACTED] 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 a review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of prior period recommendations. [REDACTED] reported expenditures of \$7,634,280 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 auditors reported one instance of material noncompliance, which was a repeat finding from the previous audit period for which final action is still outstanding. However, given the gravity of this item – [REDACTED] – and the recipient's delay in taking full remedial action, we believe that USAID cannot wait until the next audit to verify compliance. Consequently, we recommend that M/OAA/CAS/CAM:

Recommendation I. Immediately verify that [REDACTED] [REDACTED] is in full compliance with all applicable U.S. Government regulations [REDACTED] and inform the Office of Inspector General of the results.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated August 2, 2019.

¹ 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.

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”).

We have redacted information from this transmittal memo. All instances where information has been withheld are because release would risk circumvention of the law.