



MEMORANDUM

DATE: August 13, 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 French Red Cross Under Multiple Awards in Multiple Countries¹ for the Fiscal Year Ended December 31, 2017 (Report No. 4-000-19-122-R)

This memorandum transmits the final audit report on USAID resources managed by the French Red Cross under the following awards:

| Award Name (Type) | Award Number | Period | Prime implementer |
|---|---------------------|-------------------------------------|--------------------------------|
| Supporting Community Planning- Vanuatu(Grant) | AID-OFDA-G-15-00110 | January 1, 2017 – December 31, 2017 | |
| Supporting Community Planning- Solomon Islands (Grant) | AID-OFDA-G-15-00089 | January 1, 2017 – December 31, 2017 | |
| Together Becoming Resilient-Solomon Islands (Grant) | AID-OFDA-G-17-00052 | January 1, 2017 – December 31, 2017 | |
| IRC Award #APC-GM-0078 -Ivory Coast (Grant) (Closeout) | AID-OAA-A-12-00047 | January 1 2017- February 28, 2017 | International Rescue Committee |

¹ The programs are implemented in Guinea, Vanuatu, Solomon Islands and Ivory Coast

The French Red Cross contracted with the independent certified public accounting firm Gelman Rosenberg & Freedman, Bethesda, Maryland to conduct the audit. The audit firm stated that the contract required it to perform the audit in accordance with generally accepted government auditing standards.

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 French Red Cross'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 French Red Cross's internal controls; and (3) determine whether French Red Cross complied with award terms and applicable laws and regulations (4) reviewed the indirect cost rate; and (5) reviewed 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 the French Red Cross 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 the French Red Cross' 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. French Red Cross reported expenditures of \$1,722,431 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 identified \$3,871 in ineligible questioned costs and two instances of material noncompliance. No material weaknesses in internal control were noted. 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/M/OAA/CAS/CAM determine the allowability of the \$3,871 in questioned costs and recover any amount determined to be unallowable. We are not making a

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.

recommendation for the two instances of material noncompliance since there are currently no ongoing agreements with the French Red Cross.

Accordingly, we are not making any recommendations.

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”)