



## MEMORANDUM

**DATE:** May 19, 2020

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Acting Supervisory Auditor, Eleanor C. Jefferson

**FROM:** Director of External Financial Audits Division, David A. McNeil /s/

**SUBJECT:** Financial Audit of GOAL Under Multiple USAID Awards for the Fiscal Year Ended December 31, 2015 (3-000-20-013-R)

This memorandum transmits the final audit report on resources managed by GOAL under multiple awards for the fiscal year ended December 31, 2015. GOAL contracted with the independent certified public accounting firm GVA EURAUDIT to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.<sup>1</sup> However, it did not have a continuing education program that fully satisfied standards and did not have an external peer review by an unaffiliated organization because such a program is not available in France. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on GOAL's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</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 GOAL's internal controls; (3) determine whether GOAL complied with award terms including cost-sharing and applicable laws and regulations; and (4) determine whether GOAL correctly charged indirect costs. To answer the audit objectives, the audit firm examined documentation

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 On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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

<sup>2</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.

which supported the financial transactions recorded as expenditures in the fund accountability statement. The audit firm evaluated the effectiveness of the design and operation of internal control that were considered relevant to preventing or detecting material noncompliance with the compliance requirements applicable to the U.S. Agency for International Development (USAID) awards. The report on the fund accountability statement disclosed audited expenditures of \$82,114,327 for USAID funded awards.

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 except for \$364 in unsupported questioned costs; one significant deficiency in internal control for not properly documenting inventory movement for the grants closed in 2015; and one instance of immaterial noncompliance for the untimely submission of this audit report to USAID. In the auditor's opinion, the schedule of computation of the indirect cost rate is fairly stated, in all material respects in relation to the financial statements taken as a whole. Nothing came to the auditor's attention that caused them to believe that GOAL did not fairly present the cost sharing schedule. 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 (OAA) determine the allowability of the \$364 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID's OAA determine if the recipient addressed the issues noted.

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 acting division chief, dated May 19, 2020.

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").