MEMORANDUM

DATE:       June 18, 2020

TO:         USAID/M/OAA/CAS/CAM, Division Chief, Ms. E. Lynn Brown

FROM:       USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT:    Financial Audit of USAID Resources Managed by Norwegian Refugee Council in Multiple Countries Under Multiple Awards, January 1 to December 31, 2017 (Report No. 4-000-20-083-R)

This memorandum transmits the final audit report on USAID resources managed by Norwegian Refugee Council (NRC) in multiple countries under multiple awards listed in the attached appendix I (only USAID awards included in appendix). NRC contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman, Maryland, USA, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NRC’s 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 NRC’s internal controls; (3) determine whether NRC complied with award terms and applicable laws and regulations.

To answer the audit objectives, Gelman, Rosenberg & Freedman (1) audited the fund accountability statement for the awards 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 NRC 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 NRC’s 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

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.
effect on the fund accountability statement. NRC reported total expenditures of $32,071,643 in the fund accountability statement of which expenditures of $21,499,857 related to 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 reported no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. The audit firm also issued a management letter with other areas of concern, included in the report.

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 controller, dated June 18, 2020.

To address the issues identified in the report, we recommend that USAID/M/OAA/CAS/CAM:

**Recommendation 1.** Verify that Norwegian Refugee Council take corrective action on the nine instances of noncompliance detailed on pages IV-2 to IV-9 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. 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").
<table>
<thead>
<tr>
<th>No.</th>
<th>Award Description</th>
<th>Award Number</th>
<th>Audit Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.</td>
<td>Supporting NGO Co-Coordination in the Protection and WASH Clusters Program in South Sudan.</td>
<td>AID-OFDA-G-17-00165</td>
<td>Sept. 1 – Dec. 31, 2017</td>
</tr>
</tbody>
</table>