MEMORANDUM

DATE: July 29, 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 Audit Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Financial Audit of International NGO Safety Organization Under Multiple USAID Agreements for the Fiscal Year Ended June 30, 2018 (3-000-20-024-R)

This memorandum transmits the final audit report on the recipient contracted audit of International NGO Safety Organization (INSO) for the fiscal year (FY) ended June 30, 2018. INSO contracted with the independent certified public accounting firm Crowe LLP of London, United Kingdom (Crowe U.K. LLP) to conduct the audit. Crowe U.K. LLP stated that it performed the audit in accordance with generally accepted government auditing standards and the U.S. Agency for International Development (USAID) Guidelines for Financial Audits. Crowe U.K. LLP did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraphs 3.82 and 3.96 of U.S. Government Auditing Standards, since no such program is offered by professional organizations in the United Kingdom. Crowe U.K. LLP is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on INSO’s fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, 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 INSO’s internal controls; and (3) determine whether INSO complied with award terms and applicable laws and regulations. To answer the audit objectives the audit firm: (a) evaluated the effectiveness of the design and operation of the internal controls; and (b) examined the underlying documentation which supported financial transactions recorded

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.
as expenditures against U.S. Government awards. The report on the fund accountability statement disclosed that INSO audited expenditures were $5,100,558, consisting solely of USAID-funded awards for the fiscal year ended June 30, 2018.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID or pass through entities for the year then ended in accordance with the terms of the agreements and in conformity with the modified accrual basis of accounting except for capital expenditure that are expensed as incurred. Crowe U.K. LLP did not identify any deficiencies that were considered material weaknesses or significant deficiencies in internal control and identified no material or other instances of noncompliance that are required to be reported under generally accepted government auditing standards. Crowe U.K. LLP did not identify any questioned costs.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the USAID Chief Financial Officer, dated July 29, 2020.

We appreciate the assistance extended to the auditors’ staff during the engagement.

The 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”).