



MEMORANDUM

DATE: October 16, 2020

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

FROM: Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Financial Audit of Fundación Oxfam Intermón Under Multiple USAID Awards for the Fiscal Year Ended March 31, 2017 (3-000-21-001-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Fundación Oxfam Intermón (Oxfam) under multiple awards for the fiscal year ended March 31, 2017. Oxfam contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the USAID Guidelines for Financial Audits Contracted by Foreign Recipients.¹ The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Oxfam'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 Oxfam's internal controls; and (3) determine whether Oxfam complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed audit procedures to evaluate the effectiveness of the design and operation of the internal controls that it considered relevant to preventing or detecting material noncompliance with the compliance requirements applicable to each of Oxfam's U.S. Government awards, and

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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

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.

examined evidence which supported the financial transactions recorded as expenditures in the fund accountability statement. The audit covered USAID-funded total expenditures of \$1,659,462 for the fiscal year ended March 31, 2017.

The audit firm concluded that: (1) the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed by USAID for the year ended March 31, 2017 except for \$18,441 in total questioned costs (\$18,441 ineligible); (2) there were two significant deficiencies in internal control for not having policies in place to ensure compliance with U.S. government regulations on terrorism, and to properly prepare timesheets; and (3) there were three instances of material noncompliance with the U.S. government regulations on terrorism, the preparation of timesheets, and USAID certification on trafficking. 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 determine the allowability of the \$18,441 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the two significant deficiencies noted in the report, we suggest USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division determine if the recipient addressed the issues noted. Gelman, Rosenberg & Freedman submitted a management letter, which was included in the report.

To address the issues identified in the report, we recommend that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division:

Recommendation I. Verify that Fundación Oxfam Intermón corrects the three instances of material noncompliance detailed on pages III-1, III-2, and III-3 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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").