



MEMORANDUM

DATE: November 5, 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 HelpAge International Under Multiple USAID Awards for the Fiscal Year Ended March 31, 2018 (3-000-21-006-R)

This memorandum transmits the final audit report on resources managed by HelpAge International under multiple USAID awards for the fiscal year ended March 31, 2018. HelpAge International contracted with the independent chartered accounting firm Sayer Vincent LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the U.S. Agency for International Development's (USAID) Financial Audit Guidelines for Foreign Organizations. However, it did not have a continuing professional education program that fully satisfied government auditing standards and did not have external peer review by unaffiliated organization because such a program is not available in the United Kingdom. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on HelpAge International 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 HelpAge International's internal controls; and (3) determine whether HelpAge International complied with award terms and applicable laws and regulations. To answer the audit objectives,

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.

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 HelpAge International's U.S. Government awards, and examined evidence which supported the financial transactions recorded as expenditures in the fund accountability statement. The audit firm examined incurred costs of \$1,428,225 consisting solely of the USAID funded awards for the year ended March 31, 2018.

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, 2018 except for \$1,232 in total questioned costs (\$1,065 direct ineligible, and \$167 indirect ineligible); (2) there were four non-material deficiencies in internal controls, on employee's timesheet hours incorrectly charged to wrong project, income tax amount charged to wrong project, employee expense report contained incorrect exchange rate, and missing staff personnel record to document employment extension; and (3) there were no instances of noncompliance. 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 \$1,065 in direct questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the four non material deficiencies in internal controls 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.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the CFO dated November 5, 2020.

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").