



MEMORANDUM

DATE: December 18, 2020

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

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

SUBJECT: Financial Audit of Agency for Technical Co-operation and Development Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2018 (3-000-21-012-R)

This memorandum transmits the final audit report on the recipient contracted audit of Agency for Technical Cooperation and Development (ACTED) for fiscal year (FY) ended December 31, 2018. ACTED contracted with EMARGENCE EXPERTS to conduct the audit. The audit firm stated that the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the U.S. Agency for International Development's (USAID) Financial Audit Guide for Foreign Organizations Guidelines. The audit firm states that it performed the audit in accordance with generally accepted government auditing standards except that the audit firm did not fully satisfy continuing professional education requirements and did not have an external peer review program. We do not express an opinion on ACTED'S fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations¹.

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, program revenues, costs incurred and reimbursed and commodities and technical assistance directly procured by USAID; (2) evaluate ACTED's internal controls; (3) determine whether ACTED complied with award terms and applicable laws and regulations; (4) report on the cost sharing schedule and determine if the cost sharing schedule was presented fairly; and (5) express an opinion on the schedule of computation of indirect cost rate. To answer the audit objectives, the audit firm: (a) evaluated program implementation actions and accomplishments to determine whether specific costs incurred are allowable, allocable, and reasonable under the agreement terms and applicable cost principles; and (b) identified areas where fraud and illegal acts have occurred or are likely to have

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.

occurred as a result of inadequate internal control. The report on the fund accountability statement disclosed that ACTED's audited expenditures for the FY ended December 31, 2018 were \$60,542,489 of which USAID awards totaled \$54,878,332.

The audit firm concluded that: (1) fund accountability statement presents fairly, in all material respects, program revenues, costs incurred and reimbursed and commodities and technical assistance directly procured by USAID for the year then ended in accordance with the terms of the agreements and in conformity with the accrual basis of accounting except for plant and equipment that is expensed when purchased; (2) the audit firm did not identify any deficiencies in internal control that were considered material weaknesses; (3) the results of the auditors testing disclosed no instances of noncompliance that are required to be reported under generally accepted government auditing standards; (4) Based on the audit firm's review, nothing came to their attention that caused them to believe that ACTED did not fairly present the cost-sharing/matching contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing/matching contributions schedule; and (5) the schedule of computation of indirect cost rate was prepared from financial statements audited by ACTED's statutory auditors who expressed an unqualified opinion. In EMARGENCE EXPERT'S opinion, the schedule of computation of indirect cost rate is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. EMARGENCE EXPERTS did not identify any findings or questioned costs related to USAID awards.

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").