



## MEMORANDUM

**DATE:** May 18, 2021

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

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

**SUBJECT:** Financial Audit of Fundación Oxfam Intermón Under Multiple USAID Agreements for the Year Ended March 31, 2019 (3-000-21-018-R)

This memorandum transmits the final audit report on the recipient contracted audit of Fundación Oxfam Intermón (Oxfam) for the year ended March 31, 2019. Oxfam contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman (GRF) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and the United States Agency for International Development's (USAID) Financial Audit Guide for Foreign Organizations. 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.<sup>1</sup>

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 (a) evaluated the effectiveness of the design and operation of the internal controls relevant to preventing or detecting material noncompliance with the compliance requirements applicable to each of Oxfam's U.S. Government awards; and (b) examined the underlying documentation which supported the financial transactions recorded as expenditures against the U.S. Government

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<sup>1</sup> 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.

Awards. The report on the fund accountability statement disclosed that USAID's audited expenditures were \$3,954,628 for the year ended March 31, 2019.

The audit firm concluded that the fund accountability statement presents fairly, in all material respects, costs incurred and reimbursed by USAID for the year ended March 31, 2019, in accordance with the terms of the agreements and in conformity with the accrual basis of accounting except for property and equipment that is purchased with U.S. Government funding and expensed when purchased. The audit firm identified two significant deficiencies in internal control and two instances of material noncompliance related to U.S. Government regulations on terrorism and incorrect preparation of timesheets. The audit firm also reported questioned costs of \$5,344 (\$5,344 ineligible). 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 \$5,344 (\$5,344 ineligible) 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 that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division determine if the recipient addressed the issues noted. The audit firm issued a management letter that 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 two instances of material noncompliance detailed on pages III-1 through III-3 and IV-3 through IV-7, 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").