



## MEMORANDUM

**DATE:** August 31, 2021

**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:** Audit of Veterinaires San Frontieres Suisse Under Multiple USAID Agreements for the Year Ended December 31, 2017 (3-000-21-025-R)

This memorandum transmits the final audit report on the recipient contracted audit of the Veterinaires San Frontieres Suisse (VSF-Suisse) for the year ended December 31, 2017. VSF-Suisse contracted with PricewaterhouseCoopers, Kenya to conduct the audit. The audit firm states that it performed the audit in accordance with generally accepted government auditing standards, and the U.S. Agency for International Development's (USAID) Guidelines for Financial Audits Contracted by Foreign Recipients, except that the audit firm did not fully satisfy continuing professional education requirements set forth in generally accepted government auditing standards and did not have an external peer review program since no such program is offered in Kenya. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on VSF-Suisse's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, 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 VSF-Suisse's internal controls; (3) determine whether VSF-Suisse complied with award terms and applicable laws and regulations; and (4) determine if the recipient had taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, PricewaterhouseCoopers, Kenya: (a) performed audit procedures to evaluate the effectiveness

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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.

of internal controls related to the USAID funded programs, assessed control risks, and identified significant deficiencies including material weaknesses; (b) performed tests to determine whether VSF-Suisse complied, in all material respect, with agreement terms, and applicable laws and regulations related to the USAID funded programs; and (c) obtained details on the status of implementation of prior period recommendations. The report on the fund accountability statement disclosed that VSF-Suisse's audited expenditures for the year ended December 31, 2017, were \$2,287,615, comprised solely of USAID awards.

The audit firm concluded that: (1) the 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 ended December 31, 2017, in accordance with the terms of the agreements and in conformity with the modified cash basis of accounting, except for \$4,281 in total questioned costs (\$4,281 ineligible); (2) the audit firm did not identify any material weaknesses or significant deficiencies in internal control; and, (3) the audit firm did identify a material instance of noncompliance relating to ineligible value added tax (VAT) paid under the agreement, which generated the questioned costs above. 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 \$4,281 in ineligible direct questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the material noncompliance noted in the report because the questioned costs associated with it are below our threshold as described above, 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 also noted instances of immaterial non-compliance which it has reported in a separate management letter to VSF-Suisse.

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").