



MEMORANDUM

DATE: September 13, 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: Financial Audit of the MENTOR Initiative Under Multiple USAID Agreements, for the Fiscal Year Ended September 30, 2017 (3-000-21-026-R)

This memorandum transmits the final audit report on the recipient contracted audit of the MENTOR Initiative (MENTOR) for the fiscal year (FY) ended September 30, 2017. MENTOR contracted with the independent certified public accounting firm of Kingston Smith LLP (Kingston Smith) to conduct the audit. The audit firm stated that it performed the audit in accordance with generally accepted government auditing standards and the Guidelines for Financial Audits Contracted by Foreign Recipients (February 2009), except that the audit firm did not fully satisfy continuing professional education requirements and did not have an external peer review program because no such program is offered in the United Kingdom.¹ The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MENTOR's fund accountability statement; the effectiveness of its internal control; and its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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

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 MENTOR's internal controls; (3) determine whether MENTOR 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 reviewed and evaluated: (a) compliance procedures in relation to applicable laws and regulations; (b) the effectiveness of the design of internal controls relevant to detecting material non-compliance; and (c) unliquidated advances to the recipient and pending reimbursements by the United States Agency for International Development (USAID) when performing final closeout audits. The report on the fund accountability statement disclosed that MENTOR's audited USAID expenditures for the FY ended September 30, 2017, were \$5,735,518.

Kingston Smith concluded that (1) the fund accountability statement presented 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 and in accordance with the terms of the agreement and in conformity with the accrual basis of accounting; (2) the auditor did not identify any deficiencies in internal control; (3) the auditor found no material instances of noncompliance; (4) the auditor reported that nothing came to their attention that caused them to believe MENTOR did not fairly present the cost sharing contributions schedule, in all material respects in accordance with the basis of accounting used to prepare the life of project cost sharing contributions schedule; and (5) 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. Kingston Smith did not identify any findings or questioned costs.

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").