



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: November 16, 2021

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

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Supervisory Auditor, John Vernon /s/

SUBJECT: Audit of the Fund Accountability Statement of Hanns R. Neumann Stiftung, Feed the Future Partnership for the Alliance for Resilient Coffee Project, Cooperative Agreement AID-OAA-A-16-00043, January 1 to December 31, 2018 (8-000-22-006-R)

This memorandum transmits the final audit report of the fund accountability statement of Hanns R. Neumann Stiftung, Feed the Future Partnership for the Alliance for Resilient Coffee project, cooperative agreement AID-OAA-A-16-00043, from January 1 to December 31, 2018. Hanns R. Neumann Stiftung contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman to conduct the audit. The audit firm stated that it performed its audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States and the USAID Financial Audit Guide for Foreign Organizations. We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,558,865 for the period from January 1 to December 31, 2018.

The audit firm expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material

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.

weaknesses in the internal control system but identified two significant internal control deficiencies, out of which, one of them was also considered a material instance of non-compliance with laws, regulations, and the award terms. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID determine if the recipient addressed the issue noted. Further, the audit firm issued a management letter.

During our desk review, we noted issues which the audit firm should address in future audit reports. We presented these issues in a memo to USAID Chief Financial Officer dated November 16, 2021.

To address the issues identified in the report, we recommend that USAID:

Recommendation I. Verify that Hanns R. Neumann Stiftung corrects the instance of material noncompliance detailed on pages III-1 and III-2 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").