



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

MEMORANDUM

DATE: September 7, 2022

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, David A. McNeil /s/

SUBJECT: Financial Audit of Action Contre La Faim Under Multiple Awards, for the Fiscal Year Ended December 31, 2016 (3-000-22-019-R)

This memorandum transmits the final audit report on, the recipient contracted audit of Action Contre La Faim (ACF) under multiple awards for the fiscal year ended December 31, 2016. ACF contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman to conduct the recipient contracted audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and Guidelines for Financial Audits Contracted by Foreign Recipients¹. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ACF's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations².

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 ACF's internal controls; (3) determine whether ACF complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed audit procedures to evaluate the effectiveness of the design and operation of the internal controls that was considered relevant to preventing or detecting material noncompliance with the compliance requirements applicable to each of ACF's U.S. Government awards. The report on the fund accountability statement disclosed that the U.S. Agency for International Development's (USAID) audited expenditures were \$16,081,248 for the fiscal year ended December 31, 2016.

¹ On June 30, 2017, USAID OG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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 management function. This contracted audit, however, follows the guidelines.

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 firm concluded that the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed by the applicable United States Government funding agencies or pass-through funding agencies for the year ended December 31, 2016 except for \$219,760 in total direct questioned costs (\$219,760 ineligible). The audit firm did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. In the opinion of the other auditor, the audit firm concluded the financial statements gave a true and fair view of the financial position and the assets and liabilities of ACF as of December 31, 2016, and the results of its operations for the year then ended in accordance with Auditing and Accounting Standards and the specific inspections required by French law. The audit firm concluded the cost-sharing schedule was presented fairly, in all material respect, in accordance with the basis of accounting used to prepare the cost-sharing schedule. Furthermore, the audit firm stated that the schedule of computation of indirect cost rate was fairly stated in all material respects in relation to the basic financial statements taken as whole.

During our desk review, we noted several minor areas which the audit firm will need to address in future audit reports. We presented these areas in a memo to USAID's Chief Financial Officer dated September 7, 2022.

To address the issues identified in the report, we recommend that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division:

Recommendation 1. Determine the allowability of \$219,760 in direct questioned costs (\$219,760 ineligible) on pages I-21, and I-24 through I-48 of the audit report and recover any amount that is unallowable.

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").