



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

MEMORANDUM

DATE: February 16, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Acting Supervisory Auditor, Sheree F. Marshall

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

SUBJECT: Financial Audit of Shell Foundation Under Multiple USAID Agreements for the Year Ended December 31, 2019 (3-000-23-007-R)

This memorandum transmits the final audit report on the recipient contracted audit of Shell Foundation under multiple USAID agreements for the year ended December 31, 2019. Shell Foundation contracted with the independent certified public accounting firm Sayer Vincent LLP to conduct the audit. Sayer Vincent LLP stated that it performed its audit in accordance with generally accepted government auditing standards, and the U.S. Agency for International Development (USAID) Financial Audit Guide for Foreign Organizations. However, it did not have a continuing professional education program that fully satisfied generally accepted government auditing standards and did not have an external peer review by an unaffiliated organization because such a program is not available in the United Kingdom. Sayer Vincent LLP is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Shell Foundation's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

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 Shell Foundation's internal control; and (3) determine whether Shell Foundation complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm (1) reviewed the applicable documents and information relevant to these USAID programs; (2) examined the underlying documentation which supported the financial transactions relevant to the USAID programs; (3) evaluated the compliance procedures in relation to applicable laws and regulations; and (4) evaluated the effectiveness of the design of internal controls relevant to

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.

detecting material non-compliance. The audit covered USAID audited expenditures of \$22,615,343 for the year ended December 31, 2019.

Sayer Vincent LLP concluded (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 then ended in accordance with the terms of the agreements and in conformity with the cash and accrual basis of accounting except for \$65,419 in unsupported questioned costs; (2) it did not identify any deficiencies in internal controls that it considered to be material weaknesses. However, it did identify one deficiency in internal control where, in some cases, costs charged to one project did not agree to underlying accounting ledgers; and (3) it did not note any instances of material non-compliance with applicable laws, regulations or the terms and conditions of the agreements. However, it did identify one instance of immaterial noncompliance for the lack of a compliant time-keeping system.

During our desk review, we noted two issues which the audit firm will need to address in future audit reports. We presented the issues in a memo to USAID's Chief Financial Officer, dated February 16, 2023.

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 \$65,419 of unsupported questioned costs on page 6 of the audit report and recover any amount that is unallowable.

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