



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 10, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Contract Audits Management Branch, Acting Supervisory Auditor, Maya Cole

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

SUBJECT: Financial Audit of ACTED Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2021 (3-000-23-020-R)

This memorandum transmits the final audit report on the recipient contracted audit of ACTED for fiscal year ended December 31, 2021. ACTED contracted with Gelman, Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and the U.S. Agency for International Development (USAID) Financial Audit Guide for Foreign Organizations. GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ACTED'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 statements for the U.S. Government funded awards present fairly in all material respects, the revenues received, costs incurred, and commodities and technical assistance directly procured by the US Government and pass-through agencies; (2) evaluate ACTED's internal controls; (3) determine whether ACTED complied with award terms and applicable laws and regulations; (4) determine if the recipient has taken adequate corrective action on prior audit report recommendations; (5) perform an audit of the indirect cost rate if the recipient has been authorized to charge indirect costs to U.S. Government awards using provisional rates; and (6) express an opinion on whether the general purpose financial statements present fairly, in all material respects, the results of its operations for the year then ended, in conformity with GAGAS. To answer the audit objectives, GRF (a) reviewed general and program ledgers to determine whether costs incurred were properly recorded, and reconciled direct costs billed to, and reimbursed by USAID to the program and general ledgers; (b) reviewed and evaluated

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.

the recipient's internal controls related to USAID programs to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation; (c) Identified the agreement terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statements, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (d) determined whether the recipient has used provisional rates to charge indirect costs to USAID; and (e) examined the recipient's audited general purpose financial statements to determine whether an opinion is expressed as to whether those statements are presented fairly in all material respects in accordance with GAGAS. GRF examined total USAID expenditures of \$148,133,633 in fiscal year 2021.

GRF 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 the ended December 31, 2021; (2) GRF did not identify any deficiencies in internal control that were considered material weaknesses; (3) the results of the GRF's tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards; (4) the results of the auditors testing did not disclose any deficiencies in internal control over compliance that we consider to be material weaknesses; (5) The general purpose financial statements of ACTED for the year ended December 31, 2021, were audited by another auditor and expressed an unmodified opinion; (6) the indirect rate calculation is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole; and (7) there were no audit findings or recommendations pertaining to USAID awards identified in the prior year audit report.

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").