



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

MEMORANDUM

DATE: April 26, 2024

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch, Supervisory Auditor, Sheree Marshall

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

SUBJECT: Financial Audit of USAID Resources Managed by BAHAR Organisation, Under Multiple Agreements for the year ended December 31, 2022 (3-000-24-053-R)

This memorandum transmits the final report on the financial audit of the U.S. Agency for International Development (USAID) Program Agreements No. 720BHA21GR00132 and No. 720BHA22GR00134 managed by BAHAR Organisation (BAHAR) for the year ended December 31, 2022. BAHAR contracted with the independent certified public accounting firm Sayer Vincent LLP (Sayer Vincent) to conduct the audit. Sayer Vincent stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organizations. However, Sayer Vincent did not have a continuing professional education program and external quality control review by an unaffiliated audit organization as required by GAGAS since no such program is offered by professional organizations in the United Kingdom. Sayer Vincent is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on BAHAR's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of USAID awards for the USAID-funded awards presents fairly in all material respects in relation to the BAHAR financial statements as a whole and in revenues received, costs incurred, and commodities and technical assistance directly procured by USAID for the period audited in conformity with the terms of the agreements; (2) evaluate BAHAR's internal controls related to the USAID-funded programs, assess control risk, and identify reportable conditions, including

¹ We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

material internal control weaknesses.; and (3) determine whether the BAHAR complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs. To answer the audit objectives, Sayer Vincent: (1) reviewed direct and indirect costs billed to, and reimbursed by USAID and costs incurred but pending reimbursement by USAID, identifying and quantifying any questioned costs; (2) evaluated the effectiveness of the design of internal controls relevant to detecting material non-compliance; and (3) reviewed technical assistance and services procured by the recipient to ensure these were used for their intended purposes and in accordance with the terms of the agreements. Sayer Vincent examined the projects' USAID costs of \$5,474,717 for the audited period.

Sayer Vincent concluded that the schedule of expenditures of USAID awards 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. Sayer Vincent did not identify any questioned costs or material weaknesses in internal controls. Sayer Vincent reported no instances of non-compliance that are required to be reported here under U.S. Government Auditing Standards. Sayer Vincent reported that the prior audit report recommendation was implemented. Additionally, Sayer Vincent noted one immaterial instance of non-compliance that was reported in a separate management letter.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.