



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 4, 2024

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

FROM: David A. McNeil /s/
Director

SUBJECT: Financial Audit of CESVI Under Multiple USAID Agreements, for the Year Ended December 31, 2023 (3-000-24-077-R)

This memorandum transmits the final audit report on the recipient contracted audit of the CESVI for the year ended December 31, 2023. CESVI contracted with the independent certified public accounting firm of 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 United States 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 CESVI's schedule of expenditures of USAID awards; the effectiveness of its internal control; and 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 is presented fairly in all material respects, in accordance with the terms of the agreements and generally accepted accounting principles; (2) evaluate and obtain a sufficient understanding of CESVI's internal controls related to the USAID funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) determine whether CESVI complied with award terms and applicable laws and regulations;

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.

and (4) determine if CESVI has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, GRF (1) reviewed direct costs and indirect costs billed to and reimbursed by USAID and costs incurred by pending reimbursement by USAID, identifying and quantifying any questioned costs; (2) reviewed and evaluated the recipient's internal controls related to U.S. Government 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; (3) identified the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the schedule of expenditures, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; and (4) determined that for the year ended December 31, 2022, CESVI did not meet the expenditure threshold requirement for an audit. Therefore, GRF did not perform an audit of CESVI's U.S. Government awards for the year ended December 31, 2022. GRF examined CESVI's costs of \$3,493,220 for the audited period.

GRF stated that the schedule of expenditures of USAID awards referred to above presents fairly, in all material respects, the costs incurred and reimbursed by USAID and pass-through entities for the year ended December 31, 2023, in accordance with the terms of the agreements. There were no questioned costs identified. GRF did not identify any deficiencies in internal control or over compliance that were considered material weaknesses. However, GRF identified one significant deficiency in internal control, that was also reported as an instance of noncompliance. In addition, although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch determine if the recipient addressed the issue noted. GRF reported that there were no prior report recommendations.

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.