



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: January 23, 2025

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

FROM: David A. McNeil /s/
Director
External Financial Audits Division

SUBJECT: Financial Audit of Tearfund Under Multiple USAID Agreements for the Year Ended March 31, 2024 (3-000-25-011-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Tearfund under multiple awards for the year ended March 31, 2024. Tearfund contracted with Gelman Rosenberg & Freedman CPAs & Advisors (GRF) to conduct the audit. GRF stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS), the U.S. Agency for International Development (USAID) Financial Audit Guide for Foreign Organizations, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Tearfund's schedule of expenditures of USAID awards (SEFA), 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 Tearfund's SEFA presents fairly in all material respects, the revenues received and costs incurred; (2) evaluate Tearfund's internal controls; (3) perform tests to determine whether Tearfund complied, in all material respects, with agreement terms, and applicable laws and regulations related to U.S. Government-funded programs; (4) determine if Tearfund has taken adequate corrective action on prior audit report recommendations; (5) perform an audit of the indirect cost rate if

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.

Tearfund 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 direct and indirect costs billed to and reimbursed by USAID and pass-through agencies and costs incurred but pending reimbursement, and identified and quantified any questioned costs; (b) reviewed and evaluated the Tearfund'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 SEFA, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (d) determined whether Tearfund used provisional rates to charge indirect costs to USAID and examined Tearfund'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 the accrual basis of accounting used by Tearfund. GRF examined total USAID expenditures of \$10,837,081 for the period audited.

GRF concluded that the SEFA presented fairly, in all material respects, the costs incurred and reimbursed by USAID and pass-through entities for the period audited, in accordance with the terms of the agreement. Additionally, GRF did not identify any questioned costs, material weaknesses or significant deficiencies in internal control, or any instances of noncompliance required to be reported under GAGAS. Further, GRF stated that there were no audit findings or recommendations pertaining to USAID awards identified in the prior years' audit reports, and GRF's opinion on the statement of indirect rate calculation was unmodified. Finally, Tearfund's general purpose financial statements for the year ended March 31, 2024, were audited by other auditors who, in their report dated July 17, 2024, expressed an unmodified opinion on those financial statements.

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.