



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 10, 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 USAID Resources Managed by Solidarités International in Multiple Countries Under Multiple Awards, for the Year Ended December 31, 2023 (3-000-25-015-R)

This memorandum transmits the final audit report on USAID resources managed by Solidarités International in multiple countries under multiple awards for the Year Ended December 31, 2023. Solidarités International contracted with the independent certified public accounting firm, Gelman Rosenberg & Freedman CPAs and Advisors (GRF) to conduct the audit. GRF stated that it performed its audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of 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 Solidarités International's schedule of expenditures of USAID awards (SEA); the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

GRF's audit objectives were to (1) express an opinion on whether the SEA presents fairly in all material respects, the revenues received, costs incurred, and commodities and technical

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.

assistance directly procured by USAID and pass-through entities for the period audited in conformity with the terms of the agreements and generally accepted accounting principles; (2) evaluate and obtain a sufficient understanding of Solidarités International's internal controls related to the USAID funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) perform tests to determine whether Solidarités International complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID funded programs; (4) determine if Solidarités International has taken adequate corrective action on prior audit report findings and recommendations; (5) perform an audit of the indirect cost rate if Solidarités International has been authorized to charge indirect costs to USAID awards using provisional rates; and (6) determine whether the general purpose financial statements were audited in accordance with GAGAS and whether those audited financial statements 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 generally accepted accounting principles. To answer the audit objectives, GRF (1) reviewed direct and indirect costs billed to and reimbursed by USAID and costs incurred but pending reimbursement, identified and quantified any questioned costs, and 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; (2) reviewed and evaluated Solidarités International'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; (3) 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 schedule of expenditures of USAID awards, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (4) determined whether Solidarités International has used provisional rates to charge indirect costs to USAID and performed tests of the actual indirect cost rates; (5) reviewed and evaluated the implementation status of the prior period recommendations; and (6) examined Solidarités International'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 applicable accounting principles. GRF reported expenditures of \$80,434,468 in USAID funds during the audited period.

GRF concluded the SEA 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 accrual basis of accounting. GRF reported no questioned costs; no material weaknesses or significant deficiencies in internal control; and no instances of material noncompliance. Further, GRF reported that its opinion on the Statement of Indirect Rate Calculation was unmodified, and that Solidarités International's general purpose financial statements for the year ended December 31, 2023, were audited by other auditors who, in their report dated June 14, 2024, expressed an unmodified opinion on those financial statements. With respect to the prior year's recommendation, GRF continued to note late submission dates for financial and programmatic reporting during its audit. As a result, GRF recommended that Solidarités International ensure that all financial and programmatic reports are submitted on a timely basis and that procedures are developed to ensure that copies of the reports submitted are filed accordingly. Finally, GRF's current year audit tests disclosed several

instances in which Solidarités International did not submit financial and programmatic reports by the deadline stipulated in several grant agreements resulting in GRF recommending that Solidarités International ensure that all its financial and programmatic reports are submitted on a timely basis and that procedures are developed to ensure that copies of the reports submitted are filed accordingly. GRF categorized this matter as “Other Recommendations” because they could not be categorized as material weaknesses or significant deficiencies.

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.