



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 13, 2025

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, External Financial Audits Division

SUBJECT: Financial Audit of ACTED Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2023 (3-000-25-016-R)

This memorandum transmits the final audit report on the recipient contracted audit of ACTED for the fiscal year ended December 31, 2023. 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 schedule of expenditures, 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 schedule of expenditures of USAID awards presents 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) review cost-sharing contributions to determine whether they were provided and accounted for by the recipient in accordance with the terms of the agreements; (6) perform an audit of the indirect cost rates; and (7) 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 procedures included, but not limited to the following: (a) reviewed general and program ledgers to determine whether costs

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.

incurred were properly recorded, and reconciled direct costs billed to, and reimbursed by USAID and pass-through entities to the program and general ledgers; (b) reviewed and evaluated 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) reviewed the status of actions taken on findings and recommendations reported in prior audits of USAID funded programs, and evaluated whether the recipient has taken appropriate corrective action; (e) determined whether the recipient has used provisional rates to charge indirect costs to USAID; and (f) 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 \$ 228,864,567 in fiscal year 2023.

GRF concluded that the schedule of expenditures of USAID awards 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. GRF identified no questioned costs. GRF did not identify any deficiencies in internal control that were considered material weaknesses. GRF did not identify any deficiencies in internal control over compliance that were considered material weaknesses. GRF was not aware of any material modifications that should be made to the report on the cost-sharing schedule in order for them to be in accordance with accounting principles generally accepted in the United States of America. The general-purpose financial statements of ACTED for the year ended December 31, 2023, were audited by another auditor, whose report dated June 6, 2024, expressed an unmodified opinion. GRF concluded that the indirect rate calculation is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. GRF reported that three of the four prior report recommendations were cleared, and one remained open. GRF noted certain matters involving internal controls and its operation, as well as certain immaterial instances of noncompliance that we have reported to the management of ACTED.

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 oinotice_ndaa5274@usaid.gov.