



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

### MEMORANDUM

**DATE:** April 22, 2025

**TO:** USAID/Sri Lanka Mission Director, Gabriel Grau

**FROM:** Asia Regional Office, Audit Assistant Director, Rhonda M. Horried /s/

**SUBJECT:** Financial Audit of Empowering CSOs to Combat Human Trafficking in Sri Lanka Activity, Managed by Safe Foundation, Cooperative Agreement 72038321CA00001, January 1, 2023, to December 31, 2023 (5-383-25-026-R)

This memorandum transmits the final audit report on Empowering CSOs to Combat Human Trafficking in Sri Lanka Activity, Managed by Safe Foundation, Cooperative Agreement 72038321CA00001, January 1, 2023, to December 31, 2023. Safe Foundation contracted with the independent audit firm, T&D Associates Chartered Accountants to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS). The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the recipient's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were mainly to (1) express an opinion on whether Safe Foundation's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate Safe Foundation's internal controls related to the USAID-funded project; and (3) determine whether Safe Foundation complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted a financial audit that covered costs of \$846,113 for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited except for \$549 ineligible questioned costs. The audit firm did not identify any material internal control weaknesses but identified two material instances of noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making

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<sup>1</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting workpapers; they are not designed to enable us to directly evaluate the quality of the audit performed.

a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Sri Lanka determine the allowability of the \$549 ineligible questioned costs and recover any amount determined to be unallowable. The audit firm issued a management letter that had no material issues that required a recommendation.

To address the issues identified in the report, we recommend that USAID/Sri Lanka:

**Recommendation I.** Verify that Safe Foundation corrects the two instances of material noncompliance detailed on pages 38 to 40 of the audit report.

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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oinotice_ndaa5274@usaid.gov).