



## MEMORANDUM

**DATE:** June 8, 2018

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Branch Chief, David A. McNeil

**FROM:** Director of External Financial Audits, Abdoulaye Gueye /s/

**SUBJECT:** Audit of CESVI Under Multiple USAID Agreements for the Fiscal Year Ended December 31, 2016 (3-000-18-014-R)

This memorandum transmits the final audit report on the recipient contracted audit of CESVI for fiscal year ended December 31, 2016. CESVI contracted with Gelman, Rosenberg & Freedman to conduct the recipient contracted audit. The contract required Gelman, Rosenberg & Freedman to perform the audit in accordance with generally accepted government auditing standards and the U.S. Agency for International Development (USAID), Office of Inspector General's *Guidelines for Financial Audits Contracted by Foreign Recipients* issued in February 2009<sup>1</sup>.

Gelman, Rosenberg and Freedman states that it performed its audit in accordance with generally accepted government auditing standards and the Office of Inspector General's *Guidelines for Financial Audits Contracted by Foreign Recipients*. Gelman, Rosenberg and Freedman are responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CESVI's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations<sup>2</sup>.

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate CESVI's internal controls; and (3) determine whether CESVI complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm: (a) performed audit procedures to evaluate the effectiveness of internal controls considered relevant to prevent or detect material noncompliance applicable to CESVI's U.S. Government Awards; and (b) examined supporting documentation for financial transactions, which were selected upon a random sample as well as on the materiality of the transaction. The report on the fund

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its *Guidelines for Financial Audits Contracted by Foreign Recipients*, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the *Guidelines*.

<sup>2</sup> 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.

accountability statement disclosed that CESVI's audited expenditures were \$1,113,436 for the fiscal year ended December 31, 2016.

Gelman, Rosenberg and Freedman concluded that: (1) the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed by USAID and pass through-entities for the fiscal year ended December 31, 2016, in accordance with the terms of the agreements and in conformity with the accrual basis of accounting except for property and equipment that is expensed when purchased; (2) Gelman, Rosenberg and Freedman did not identify any deficiencies in internal control that were considered material weaknesses; and (3) the results of the auditors testing did not disclose any instances of noncompliance that were required to be reported under U.S. Government Auditing Standards. Gelman, Rosenberg and Freedman did not identify any findings or questioned costs related to USAID awards. The auditor's management letter was included in 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").

If you have any questions related to this report, please contact Steve Shea, Assistant Director, at (202) 712-1386 or [sshea@usaid.gov](mailto:sshea@usaid.gov).

Attachment: As stated

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