



## MEMORANDUM

**DATE:** July 6, 2020

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Acting Supervisory Auditor, Eleanor C. Jefferson

**FROM:** Director of External Financial Audit Division, David A. McNeil /s/

**SUBJECT:** Financial Audit of Terre des hommes Under Multiple Awards, for the Fiscal Year Ended December 31, 2017 (3-000-20-021-R)

This memorandum transmits the final audit report on the recipient contracted audit of the U.S. Agency for International Development (USAID) resources managed by Terre des hommes under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>
Integrated assistance to improve living condition of IDPs and vulnerable conflict affected persons in Iraq (grant)	AID-OFDA-G-16-00145 (Closeout audit)	January 1 to September 30, 2017
Integrated emergency assistance to improve living condition of IDPs and vulnerable conflict-affected persons on the hard-to-reach areas in Iraq (grant)	AID-OFDA-G-17-00225	September 1 to December 31, 2017
Project for emergency support and reinforcement of the resilience of children on the move in the cities of Gao and Timbuktu - Mali (phase II) (grant)	AID-OFDA-G-16-00239 (Closeout audit)	January 1 to November 30, 2017
Project for emergency support and reinforcement of the resilience of children on the move in the cities of Gao and Timbuktu - Mali (phase III) (grant)	AID-OFDA-G-17-00173	September 27 to December 31, 2017
Promoting quality humanitarian child protection programming through standards (grant)	AID-OFDA-G-16-00049	January 1 to December 31, 2017

Terre des hommes contracted with the independent certified public accounting firm Sayer Vincent LLP to conduct the recipient contracted audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup> However, it did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in United Kingdom. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Terre des hommes' 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 Terre des hommes' internal controls; and (3) determine whether Terre des hommes complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to the project; compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The report on the fund accountability statement disclosed that Terre des hommes' and USAID's audited expenditures were \$9,065,508 for the fiscal year ended December 31, 2017.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the year ended December 31, 2017, in accordance with the terms of the awards and in conformity with the modified accrual basis of accounting. Vincent Sayer LLP did not identify any material weaknesses in internal control. The audit firm did not identify any instances of material noncompliance with applicable laws, regulations, and agreement terms.

We appreciate the assistance extended during the engagement.

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").

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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, 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.