MEMORANDUM

DATE: November 18, 2020

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

FROM: Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Financial Audit of Centre for International Studies and Cooperation Under Multiple USAID Awards for the Year Ended March 31, 2015 (3-000-21-008-R)

This memorandum transmits the final audit report on the fund accountability statement of Centre for International Studies and Cooperation under multiple USAID awards for the year ended March 31, 2015. The Centre for International Studies and Cooperation contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman to conduct the audit. The audit firm stated that it performed its audit in accordance with the United States Government Audit Standards and the Guidelines for Financial Audits Contracted by Foreign Recipients. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Centre for International Studies and Cooperation fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.

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 the auditee’s internal controls; and (3) determine whether the auditee complied with the awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm: (a) performed procedures to evaluate the effectiveness of the design and operation of the internal controls that it considered relevant to preventing or detecting material noncompliance with the

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1 On June 30, 2017, USAID OIG rescinded its “Guidelines for Financial Audits Contracted by Foreign Recipients,” recognizing the Agency’s role to impose requirements on its implementing partners and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.

2 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.
compliance requirements applicable to all awards; and (b) examined the underlying
documentation supporting the financial transactions recorded as expenditures against the U.S.
Government awards. The audit covered total expenditures of $2,536,884 for the year ending
March 31, 2015.

The audit firm concluded that the fund accountability statement present fairly, in all material
respects, costs incurred and reimbursed by the United States Agency for International
Development and pass-through entities for the year ended March 31, 2015, in accordance with
the terms of the agreements and in conformity with the accrual basis of accounting except for
capital expenditure that are expensed when purchased. The audit firm identified $44,040 of
ineligible questioned costs ($39,098 of direct costs and $4,942 of indirect costs) and identified
three material instances of noncompliance that it also considered significant internal control
deficiencies. The auditors did not identify any material internal control weaknesses.
Nevertheless, we suggest that USAID’s Office of Acquisition and Assistance, Cost, Audit and
Support Division determine if the recipient addressed the significant deficiencies noted. The
audit firm submitted a management letter, which was included in the report.

During our desk review, we noted several minor issues which the audit firm will need to
address in future audit reports. We presented these issues in a memo to the USAID Chief
Financial Officer, dated November 18, 2020.

To address the issues identified in the report, we recommend that USAID’s Office of
Acquisition and Assistance/Cost, Audit and Support Division:

**Recommendation 1.** Determine the allowability of $39,098 in questioned ineligible costs on
pages III-2 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Centre for International Studies and Cooperation corrects
the three instances of material noncompliance detailed on pages IV-2 to IV-6 of the audit
report.

We ask that you provide your written notification of actions planned or taken to reach
management decision.

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”).