



MEMORANDUM

DATE: January 30, 2020

TO: USAID/Rwanda, Mission Director, Leslie Marbury
USAID/Georgia, Mission Director, Peter Wiebler
USAID/Kenya and East Africa, Mission Director, Mark Meassick

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Financial Audit of USAID Resources Managed by International Alert in Multiple Countries Under Multiple Awards, January 1 to December 31, 2018 (Report No. 4-696-20-037-R)

This memorandum transmits the final audit report on USAID resources managed by International Alert under Awards:

Award Name (Type)	Award Number	Period Audited	Prime implementer
Initiative for Youth-Led Civic Dialogue and Action Program in Georgia (cooperative agreement) (Close Out)	AID-114-A-15-00011	Jan. 1 – Dec. 31, 2018	
Duhuze Activity in Rwanda (cooperative agreement)	AID-696-A-17-00012	Jan. 1 – Dec. 31, 2018	
Solutions for Peace and Recovery project in the Democratic Republic of Congo (subaward)	AID-660-TO-16-00004	Jan. 1 – Dec. 31, 2018	Management Systems International Incorporated
Enabling Governance in Kenya's Oil Sector	AID-660-TO-16-00004	Oct. 1 – Dec. 31, 2018	

International Alert contracted with the independent certified public accounting firm Crowe U.K. LLP, London, United Kingdom, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), except that the audit firm did not have continuing professional education and external quality control review programs that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on International Alert's fund accountability statement; the

effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 International Alert's internal controls; (3) determine whether International Alert complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, Crowe U.K. LLP (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues received from USAID for the period covered by the audit and the costs reported by International Alert as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to International Alert's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (3) identified the award 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 statement; (4) determined that the review of the indirect cost rate was not applicable since a fixed rate of indirect cost is applicable to the awards; and (5) reviewed the implementation status of the prior period recommendations. International Alert reported expenditures of \$1,796,890² in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$779 in ineligible questioned costs and one instance of material noncompliance directly related to the identified questioned cost under agreement AID-696-A-17-00012. Since the questioned cost did not meet the OIG's established threshold of \$25,000, we are not making recommendations to address them or the related instance of material noncompliance. Since the other material instance of noncompliance for agreement AID-660-TO-16-0004 and AID-114-A-15-000011 also did not result in material questioned costs, we are not making any formal recommendations. Nevertheless, we suggest that USAID/Rwanda determine the allowability of the \$779 in questioned cost and recover the amount determined to be unallowable. The audit report did not identify any material weaknesses or significant deficiencies in internal control. The audit firm also issued a management letter.

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 controller, dated January 30, 2020.

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.

² Amount is for USAID funding only (\$400,205 + \$771,845 + \$172,625 + \$ 452,215)

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”).