



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 21, 2021

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

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

SUBJECT: Financial Audit of Overseas Development Institute Under Multiple USAID Agreements, for the Year Ended March 31, 2019 (3-000-22-001-R)

This memorandum transmits the final audit report on the recipient contracted audit of the Overseas Development Institute (ODI) for the year ended March 31, 2019. ODI contracted with the independent certified public accounting firm of haysmacintyre LLP (haysmacintyre) to conduct the audit. The audit firm stated that it performed audit in accordance with generally accepted government auditing standards (GAGAS) and United States Agency for International Development (USAID) Guidelines for Financial Audits Contracted by Foreign Recipients. However, haysmacintyre did not fully satisfy continuing professional education requirements or have an external peer review as required by GAGAS since no such program is offered by professional organizations in the United Kingdom. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ODI's fund accountability statement; the effectiveness of its internal control; and 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 ODI's internal controls; and (3) determine whether ODI complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm (a) examined underlying documentation which supported the financial transactions recorded as expenditures against the U.S. Government award; and (b) evaluated the effectiveness of the design and operation of the internal controls considered relevant to preventing or detecting material compliance with compliance requirements applicable to ODI's U.S. Government awards. The report on the fund accountability statement disclosed that ODI's audited USAID's expenditures for the year ended March 31, 2019, were \$1,166,602.

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.

The audit firm stated that, except for the effects of the questioned costs discussed below in the audit firm's opinion 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 period from 1 April 2018 to 31 March 2019 in accordance with the terms of the agreement and conformity with the cash basis of accounting. The audit firm did not identify any deficiencies that were considered material weaknesses in internal control and did not identify any instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. As a result, the audit firm did not identify any findings in internal control or compliance. The audit firm issued a management letter, which is included in the report and which questioned \$6,528 of direct questioned unsupported costs due to a missing timesheet for an employee. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division determine the allowability of the \$6,528 in questioned costs and recover any amount determined to be unallowable.

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").