



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** February 13, 2023

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Acting Supervisory Auditor, Sheree F. Marshall

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

**SUBJECT:** Financial Audit of INTERSOS Organizzazione Umanitaria Onlus Under Multiple Awards, for the Fiscal Year Ended December 31, 2019  
(Report No. 3-000-23-004-R)

This memorandum transmits the final audit report on the recipient contracted audit of INTERSOS Organizzazione Umanitaria Onlus (INTERSOS) under multiple awards for the fiscal year ended December 31, 2019. INTERSOS contracted with the independent certified public accounting firm Crowe U.K. 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 Guidelines for Financial Audits Contracted by Foreign Recipients. However, the audit firm did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraphs 3.82 and 3.96 of U.S. Government Auditing Standards, since no such program is offered by professional organizations in the United Kingdom (U.K.). The audit firm does not have a continuing education program that fully satisfies the requirement set forth in U.S. Government Auditing Standards. The audit firm believes that the effects of this departure from U.S. Government Auditing Standards is not material because the supervisory auditors performing work in accordance with GAGAS and charging at least 20 percent of their time annually to engagements conducted in accordance with GAGAS and nonsupervisory auditors who charge more than 40 hours of their time annually to engagements conducted in accordance with GAGAS complete, every fixed two years, at least 24 hours of continuing professional education that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on INTERSOS's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations<sup>1</sup>.

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<sup>1</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.

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 INTERSOS 's internal controls; (3) determine whether INTERSOS complied with award terms and applicable laws and regulations; and (4) to determine if the recipient has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm performed audit procedures to obtain sufficient understanding of the design of relevant control policies and procedures and assessed the inherent risk, control risk and evaluated the control environment, the adequacy of the accounting systems and control procedures. The audit firm performed tests to determine whether the recipient complied, in all material respects, with agreement terms and applicable laws and regulations related to the U.S. Agency for International Development (USAID) funded programs. In addition, the audit firm provided a summary of the prior year's findings. The report on the fund accountability statement disclosed that USAID audited expenditures were \$ 9,412,537 for the fiscal year ended December 31, 2019.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred, and commodities and technical assistance directly procured by USAID or pass-through entities for the year that ended in accordance with the terms of the agreements and in conformity with the modified accrual basis of accounting. The audit firm did not identify any significant deficiencies or material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. There were no questioned costs identified. There were no cost sharing arrangements with respect to the agreements. To resolve the prior year's audit finding, INTERSOS revised the indirect cost procedures to ensure that correct costs are claimed in line with the award.

During our desk review, we noted one minor area which the audit firm will need to address in future audit reports. We presented this in a memo to USAID's Chief Financial Officer dated February 13, 2023.

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").