



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

### MEMORANDUM

**DATE:** February 15, 2023

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

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

**SUBJECT:** Financial Audit of Action Contre La Faim Under Multiple Awards, for the Fiscal Year Ended December 31, 2018 (3-000-23-006-R)

This memorandum transmits the final report on the financial audit of multiple USAID Awards managed by Action Contre La Faim (ACF), for the year ended December 31, 2018. ACF 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 generally accepted government auditing standards (GAGAS) and the U.S. Agency for International Development (USAID) Financial Audit Guide for Foreign Organizations. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ACF's schedule of expenditures of USAID awards (SEFA); the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</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 ACF's internal controls; (3) determine whether ACF complied with the awards' terms and applicable laws and regulations; and (4) perform analysis on the statement of indirect rate calculation. To answer the audit objectives, the audit firm performed audit procedures to (1) evaluate the effectiveness of the design and operation of the internal controls that was considered relevant to preventing or detecting material noncompliance with the compliance requirements applicable to each of ACF's U.S. Government awards; (2) examine the documentation supporting the financial transactions recorded as expenditures against the U.S. Government awards; (3) obtain audit evidence about the amounts and disclosures in the fund accountability statements; and (4) evaluate the internal controls related to the U.S. Government awards and determine whether ACF complied, in all material respects, with the

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<sup>1</sup> We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

agreement terms and applicable laws and regulations related to the U.S. Government awards. The audit firm examined the projects' costs of \$11,772,481, for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards was presented fairly, in all material respects, for costs incurred and reimbursed for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. However, the audit firm issued a management letter to report certain matters involving internal control and other immaterial instances of noncompliance. The audit firm concluded that the cost-sharing schedule was presented fairly, in all material respect, in accordance with the basis of accounting used to prepare the cost-sharing schedule. Furthermore, the audit firm stated that the statement of indirect rate calculation was fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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").