



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: April 17, 2023

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

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

SUBJECT: Audit of The Global Alliance for Improved Nutrition for the Year Ended June 30, 2020 (3-000-23-016-R)

This memorandum transmits the final audit report on the recipient contracted audit of The Global Alliance for Improved Nutrition (GAIN) for the year ended June 30, 2020. GAIN contracted with the independent certified public accounting firm Sayer Vincent LLP (Sayer Vincent) to conduct the audit. Sayer Vincent stated that it performed its audit in accordance with U.S. Government accounting standards issued by the Comptroller General of the United States. However, it did not have a continuing education program that fully satisfied generally accepted government auditing standards and did not have an external peer review by an unaffiliated organization because such a program is not available in the United Kingdom. Sayer Vincent is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on GAIN's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the fund accountability statement for the U.S. Agency for International Development (USAID) funded programs presents fairly in all material respects in relation to GAIN's financial statements as a whole and in the revenues received, costs incurred, and assets, commodities and technical assistance directly procured with USAID funding for the period audited in conformity with the terms of the award and generally accepted accounting principles; (2) evaluate GAIN's internal control related to the USAID-funded programs, assess control risk and identify significant deficiencies including material weaknesses; (3) perform tests to determine whether GAIN complied, in all material respects, with agreement terms (including cost sharing or matching contributions, if

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.

applicable) and applicable laws and regulations related to USAID funded programs; (4) evaluate whether GAIN has met its cost-sharing or matching contributions, if required by the agreement; (5) perform an audit of GAIN's indirect cost rate if it was authorized to charge indirect costs to USAID using a provisional or 10 percent de minimis rate and USAID has not yet negotiated final rates with the recipient; and (6) perform a financial audit of GAIN's organization-wide general-purpose financial statements. To answer the audit objectives, Sayer Vincent: (1) reviewed the applicable documents and information relevant to these USAID programs; (2) examined the underlying documentation which supported the financial transactions relevant to these USAID programs; (3) evaluated the compliance procedures in relation to applicable laws and regulations; (4) evaluated the effectiveness of the design of internal controls relevant to detecting material non-compliance; (5) reviewed the method of computation of provisional indirect cost rates to ensure this is within approved guidance; and (6) reviewed shared costs and concluding if these have been incurred in line with budgets. The audit covered USAID expenditures of \$1,659,261 for the year ended June 30, 2020.

Sayer Vincent concluded: (1) 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 year that ended 2020 in accordance with the terms of the agreements and in conformity with the modified accrual basis of accounting; (2) did not identify any ineligible or unsupported questioned costs; (3) there were no significant deficiencies or material weaknesses identified in internal control; (4) there were no instances of material noncompliance; (5) the schedule of computation of indirect cost rate were fairly stated in all material respects in relation to the basic financial statements when taken as a whole; (6) GAIN fairly presented the cost sharing schedule in all material aspects in accordance with the basis of accounting used to prepare the cost-sharing schedule; and (7) the other auditor audited GAIN's general-purpose financial statements and presented fairly, in all material respects, the financial position of GAIN on June 30, 2020, and the results of its operation and its cashflows for the year then ended in conformity with generally accepted accounting principles. Sayer Vincent issued GAIN a management letter dated February 23, 2021.

During our desk review, we noted one issue Sayer Vincent should address in future audit reports. We presented the issues in a memorandum to the controller dated April 17, 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").