



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

MEMORANDUM

DATE: August 22, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division/Contract Audit Management Branch, Maya Cole

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

SUBJECT: Financial Audit of Tearfund Under Multiple USAID Agreements for the Fiscal Year Ended March 31, 2021 (3-000-23-040-R)

This memorandum transmits the final audit report on the recipient contracted audit of Tearfund for the year ended March 31, 2021. Tearfund contracted with Gelman Rosenberg & Freedman CPAs & Advisors (GRF) to conduct the audit. GRF stated that it performed the 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. GRF is responsible for the enclosed report and the conclusions expressed in it. GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Tearfund'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 statements for the U.S. Government funded awards present fairly in all material respects, the revenues received, costs incurred, and commodities and technical assistance directly procured by the U.S. Government; (2) evaluate Tearfund's internal controls; (3) perform tests to determine whether the recipient complied, in all material respects, with agreement terms, and applicable laws and regulations related to U.S. Government funded programs; (4) determine if the recipient has taken adequate corrective action on prior audit report recommendations; (5) review cost-sharing/matching contributions to determine whether cost-sharing/matching contributions were provided and accounted for by the recipient in accordance with the terms of the agreements; (6) perform an audit of the indirect cost rate if the recipient has been authorized to charge indirect costs to U.S. Government awards using provisional rates; and (7)

¹ 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.

express an opinion on whether the general purpose financial statements present fairly, in all material respects, the results of its operations for the year then ended, in conformity with GAGAS. To answer the audit objectives, GRF (a) reviewed direct and indirect costs billed to and reimbursed by USAID and pass-through agencies and costs incurred but pending reimbursement, and identified and quantified any questioned costs; (b) reviewed and evaluated the recipient's internal controls related to USAID programs to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation; (c) identified the agreement 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 statements, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (d) reviewed the cost-sharing/matching contributions schedule to determine if the schedule is fairly presented in accordance with the basis of accounting used by the recipient to prepare the schedule; and (e) determined whether the recipient has used provisional rates to charge indirect costs to USAID. GRF examined total USAID expenditures of \$ 17,151,952 for the period audited.

GRF concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. GRF did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. GRF 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. GRF reported that the financial statements of Tearfund for the year ended March 31, 2021, were audited by other auditors, whose report dated July 21, 2021, expressed an unmodified opinion on those statements. GRF stated that based on its review, nothing came to their attention that caused them to believe that Tearfund did not fairly present the cost-sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing schedule. Furthermore, GRF reported that the recommendations pertaining to USAID awards identified in the two prior year's audit report have been resolved.

During our desk review, we noted one issue GRF should address in future audit reports. We presented the issues in a memorandum to the chief financial officer dated August 22, 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.