



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

### MEMORANDUM

**DATE:** September 5, 2023

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

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Stichting ZOA in Multiple Countries Under Multiple Awards, January 1 to December 31, 2020 (Report No. 3-000-23-047-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development's (USAID) Resources Managed by Stichting ZOA (ZOA) under multiple awards for the period January 1 to December 31, 2020. ZOA contracted with the independent certified public accounting firm Crowe U.K. LLP (Crowe) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), and USAID Financial Audit Guide for Foreign Organization, except that the audit firm did not fully satisfy continuing professional education requirements set forth in generally accepted government auditing standards and did not have an external peer review program since no such program is offered in the United Kingdom. Crowe is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ZOA's fund accountability statement; 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 ZOA's internal controls; (3) determine whether ZOA complied with award terms and applicable laws and regulations; (4) review the cost-sharing/matching contributions; (5) review the indirect cost rate; and (6) review the implementation status of the prior period recommendations. To answer the audit objectives, Crowe (1) obtained the fund accountability

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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.

statement, prepared by ZOA. This was reconciled to underlying accounting records, bank statements and reports to USAID; (2) reviewed the recipient's internal controls related to USAID programs to obtain sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been in operation during the audited period; (3) performed tests to determine whether the recipient complied, in all material respects, with agreement terms; and (4) performed tests to determine the actual indirect cost rates for the year if the recipient has used provisional rates to charge indirect costs to USAID. The audit covered USAID-funded total expenditures of \$ 4,551,764 for the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues, and costs incurred under the award for the period audited. Crowe did not identify any questioned costs. Crowe did not identify any material weaknesses in internal control or instances of material noncompliance. Crowe reported that based on its review, nothing came to their attention that caused us to believe that ZOA did not fairly present the cost-sharing/counterpart contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing/counterpart contributions schedule. Crowe concluded that the schedule of computation of indirect cost rate is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Crowe reported that the two prior year findings were not noted in the current audited period.

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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oinotice_ndaa5274@usaid.gov).