



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** September 15, 2023

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

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

**SUBJECT:** Financial Audit of Stichting SNV Nederlandse Ontwikkelingsorganisatie Under Multiple Awards for the Year Ended December 31, 2021(3-000-23-050-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Stichting SNV Nederlandse Ontwikkelingsorganisatie (SNV) under multiple awards for the year ended December 31, 2021. SNV contracted with the independent certified public accounting firm of Crowe U.K. LLP (Crowe) to conduct the audit. Crowe stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID's Financial Audit Guide for Foreign Organizations. However, Crowe did not have external quality control review and a continuing education program that fully satisfied the GAGAS requirements. Crowe is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on SNV'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 Schedule of Expenditure of Federal Awards for the USAID-funded programs presents fairly, in all material respects, revenues received, costs incurred, and commodities directly procured by USAID for the period audited; (2) evaluate and obtain a sufficient understanding of SNV internal control related to the USAID-funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) determine whether SNV complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs; (4) for final closeout audits, review unliquidated advances to the recipient and pending reimbursements by the US Government, to ensure that the recipient has returned any

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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.

excess cash to the US Government, and ensure that all assets procured with program funds were disposed of in accordance with the terms of the agreements; and (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. To answer the audit objectives, Crowe (1) obtained the fund accountability statement, prepared by the grant recipient. 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, including cost sharing/counterpart contributions, and applicable laws and regulations related to USAID-funded programs; and (4) reviewed the cost share schedule to determine whether the contributions were provided and accounted for by SNV. Crowe reported total USAID audited expenditures of \$2,040,251 for the year ended December 31, 2021.

Crowe concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. Crowe identified ineligible indirect questioned costs for \$1,017, no material weakness in internal controls, and three instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division determine the allowability of the \$1,017 in questioned costs and recover any amount determined to be unallowable. Crowe reported that based on its review, nothing came to their attention that caused them to believe that SNV 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 reported that for the final closeout audits, no assets or inventory were remaining at the end of the project that required a disposition plan. There were no previous audit report recommendations.

To address the problems identified in the report, we recommend that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division/Contract Audit Management Branch:

**Recommendation I:** Verify that Stichting SNV Nederlandse Ontwikkelingsorganisatie corrects the instances of material noncompliance detailed on page 27 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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 [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).