



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 1, 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 USAID Resources Managed by Metta Development Foundation Under Grant # AID-OFDA-G-14-00142, September 11, 2014 through June 30, 2019 (Report No. 3-000-24-005-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Metta Development Foundation (Metta) under Grant # AID-OFDA-G-14-00142 for the period September 11, 2014 through June 30, 2019. Metta contracted with the independent certified public accounting firm Gelman, Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID's Financial Audit Guide for Foreign Organizations. GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Metta's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the fund accountability statements for the USAID-funded programs present fairly, in all material respects, revenues received, costs incurred, and commodities directly procured by USAID for the period audited in conformity with the terms of the agreements and generally accepted accounting principles; (2) evaluate Metta's internal control related to the USAID-funded programs, assess control risk, and identify significant deficiencies including material weaknesses; (3) determine whether the recipient complied, in all material respects, with agreements terms and applicable laws and regulations related to the USAID-funded programs. To answer the audit objectives, GRF (1) examined the documentation that supported the financial transactions recorded as

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.

expenditures against the U.S. Government award. The selection of items was based upon a random sample of transactions as well as the materiality of certain transactions, and (2) performed audit procedures to evaluate the effectiveness of the design and operation of the internal controls that we considered relevant to preventing or detecting material non-compliance with the compliance requirements applicable to Metta's U.S. Government award. GRF reported total USAID audited expenditures of \$2,189,969 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 identified no questioned costs and one significant deficiency in internal controls that has also been reported as an instance of material noncompliance. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID's Office of Acquisition and Assistance Cost, Audit and Support Division/Contract Audit Management Branch determine if Metta addressed the significant deficiencies on page IV-2 of the audit report. GRF noted other matter involving the internal control and its operations and other material instances of noncompliance that have been reported to the management of Metta in its report on findings and recommendations dated September 30, 2019.

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 Metta Development Foundation corrects the instance of material noncompliance detailed on pages III-1 to III-2 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.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 oignotice_ndaa5274@usaid.gov.