



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 9, 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 Medair in Multiple Countries Under Multiple Awards, January 1 to December 31, 2020
(Report No. 3-000-24-007-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Medair in multiple countries under multiple awards for the period ended December 31, 2020. Medair contracted with the independent certified public accounting firm Crowe U.K. LLP 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 fully satisfy the continuing professional education requirement in GAGAS. In addition, Crowe reported it did not have an external peer review because no such program is offered by professional organizations in the United Kingdom. Crowe is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Medair'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 statement for the period audited, was presented fairly, in all material respects, revenues received, costs incurred, and commodities and technical assistance directly procured by USAID for the period audited; (2) evaluate Medair's internal controls related to the USAID-funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) determine whether Medair complied with award terms and applicable laws and regulations related to USAID-funded programs; (4) perform an audit of the indirect

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.

cost rates; (5) determine if the recipient has taken adequate corrective action on prior audit report recommendations; and (6) review unliquidated advances to the recipient and pending reimbursements by the US Government for final closeout audits. 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 Medair'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 Medair complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs; (4) reviewed the actual indirect cost rate for the year as Medair used provisional rates to charge indirect costs to the US Government and that the method of calculation is in line with USAID requirements; and (5) reviewed the status of actions taken on findings and recommendations report in prior audits of US Government funded programs. The audit covered USAID-funded total expenditures of \$33,721,207 during the audited period.

Crowe concluded that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred, and commodities and technical assistance directly procured by USAID or pass-through entities for the year that ended in accordance with the terms of the agreements. There were no questioned costs identified. Crowe did not identify any significant deficiencies or material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. Crowe reported that there were no funds owed by Medair to USAID at the close of the projects, as funds are received on a reimbursement basis. Crowe reported 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 there were no previous audit report recommendations.

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.