



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: December 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 Nonviolent Peaceforce Under Multiple Awards, January 1 to December 31, 2021
(Report No. 3-000-24-011-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by Nonviolent Peaceforce (NP) under multiple awards, for January 1 to December 31, 2021. NP contracted with the independent certified public accounting firm TMK & Company (TMK) to conduct the audit. TMK stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such a program is not offered in Uganda. TMK is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NP'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 Schedule of expenditures of USAID awards prepared by NP 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 in conformity with the terms of the agreements and generally accepted accounting principles; (2) evaluate NP's internal controls related to the USAID-funded programs, assess control risk, and identify significant deficiencies including material weaknesses; (3) determine whether NP complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID funded programs; and (4) determine whether NP has taken adequate action on prior audit report recommendations. To answer the audit

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.

objectives, TMK (1) reviewed direct and indirect costs billed to and reimbursed by USAID and costs incurred but pending reimbursement by USAID identifying and quantifying any questioned cost; (2) obtained an understanding of the design of internal control related to US-funded programs and determine whether they have been placed in operation; and (3) 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 schedule of expenditures of USAID awards. TMK reported total USAID audited expenditures of \$4,001,011 for the fiscal year ended December 31, 2021.

TMK concluded that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period audited. TMK reported \$250 ineligible indirect questioned costs. TMK identified three material weaknesses in internal control and did not identify any instances of material noncompliance with U.S. Government Auditing Standards. 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's Office of Acquisition and Assistance Cost, Audit and Support Division/Contract Audit Management Branch determine the allowability of the \$250 in questioned costs and recover any amount determined to be unallowable. TMK reported that two of the three prior report recommendations were implemented.

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 Nonviolent Peaceforce corrects the three material weaknesses in internal control as detailed on pages 26 to 28 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.