



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

MEMORANDUM

DATE: December 5, 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 Norwegian Refugee Council Under Multiple USAID Agreements, for the Year Ended December 31, 2019 (Report No. 3-000-24-013-R)

This memorandum transmits the final audit report on the recipient contracted audit of the Norwegian Refugee Council (NRC) for the year ended December 31, 2019. NRC contracted with the independent certified public accounting firm of Gelman Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and United States Agency for International Development (USAID) Guidelines for Financial Audits Contracted by Foreign Recipients. GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NRC's fund accountability statement; the effectiveness of its internal control; and 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; (2) evaluate NRC's internal controls; (3) determine whether NRC complied with award terms and applicable laws and regulations; (4) determine under audit, whether an annex to the fund accountability statements showing the balances and details of final inventories of nonexpendable property acquired under U.S. Government awards is presented fairly in all material respects in relation to the fund accountability statements, for awards closing during the year; and (5)

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.

determine if NRC has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, GRF (a) reviewed direct costs and indirect costs billed to and reimbursed by USAID and costs incurred by pending reimbursement by USAID, identifying and quantifying any questioned costs; (b) reviewed and evaluated the recipient's internal controls related to U.S. Government programs to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation; and (c) 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 fund accountability statements, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements. GRF examined NRC's costs of \$25,111,182 for the audited period.

GRF stated that the Fund Accountability Statement presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the year ended December 31, 2019, in accordance with the terms of the agreements and in conformity with the accrual basis of accounting. There were no questioned costs identified. GRF did not identify any deficiencies that were considered material weaknesses in internal control and did not identify any instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. However, GRF reported to the management of NRC in its report on findings and recommendations certain matters involving internal control and its operation and immaterial instances of noncompliance. GRF reported that for the thirty-two prior report's recommendations, 22 were cleared, 7 were partially cleared, and 3 remained open.

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.