



# 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 USAID Resources Managed by The Alliance for International Medical Action in Multiple Countries Under Multiple Awards, January 1 to December 31, 2019 (Report No. 3-000-24-014-R)

This memorandum transmits the final audit report on the United States Agency for International Development (USAID) resources managed by The Alliance for International Medical Action (ALIMA) under multiple awards for the period January 1 to December 31, 2019. ALIMA 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 ALIMA'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 fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate ALIMA's internal controls; (3) determine whether ALIMA complied with award terms and applicable laws and regulations and (4) determine whether ALIMA has taken adequate action on prior audit report recommendations. To answer the audit objectives, GRF (1) reviewed direct and indirect costs billed to and reimbursed by U.S. Government and passthrough agencies and costs incurred but pending reimbursement, and identified and quantified any questioned costs; (2) 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

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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.

procedures and whether those policies and procedures have been placed in operation; (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 fund accountability statements, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements. GRF reported total USAID audited expenditures of \$20,155,369 for the fiscal year ended December 31, 2019.

GRF concluded that the fund accountability statements present fairly, in all material respects, costs incurred and reimbursed by USAID and the pass-through agency for the year ended December 31, 2019, in accordance with the terms of the agreements. GRF reported no questioned costs, two significant deficiencies in internal controls, and two instances 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 ALIMA addressed the significant deficiencies on page IV-2 of the audit report. In the auditor's opinion, nothing came to their attention that caused them to believe that ALIMA did not fairly present the cost-sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing schedule. GRF cleared all the prior report's recommendations except for one that was partially cleared. GRF noted certain matters involving internal control and its operation reported to ALIMA management in the report on findings and recommendations, section IV of the audit report.

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 The Alliance for International Medical Action corrects the instances of material noncompliance detailed on page 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.<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).