



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 5, 2024

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch, Supervisory Auditor, Sheree F. Marshall

FROM: Director of External Financial Audit Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Single Audit of International Rescue Committee, Inc., and Subsidiaries for the Year Ended September 30, 2019 (3-000-24-014-T)

This memorandum transmits the final audit report on the single audit of International Rescue Committee, Inc., and Subsidiaries (IRC) for the Year Ended September 30, 2019. The audit report was obtained from the Federal Audit Clearinghouse. KPMG LLP (KPMG) stated that it performed its audit in accordance with U.S. Government accounting standards issued by the Comptroller General of the United States and in accordance with Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. KPMG is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on IRC's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

KPMG's audit objectives were to: (1) express an opinion on the financial statements; (2) obtain reasonable assurance about whether IRC's combined financial statements are free from material misstatement; and (3) express an opinion on compliance for each of IRC's major Federal programs based on its audit of the types of compliance requirements. To answer the audit objectives, KPMG: (1) obtained evidence about the amounts and disclosures in the financial statements; (2) evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluated the overall presentation of the financial statements; (3) considered IRC's internal control over financial reporting and performed tests of IRC's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. IRC's audited expenditures of

¹ We reviewed the audit firm's 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 auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

Federal awards was \$260,049,451, of which the U.S. Agency for International Development's (USAID) audited expenditures amounted to \$141,006,447.

KPMG expressed an unmodified opinion on the financial statements and on compliance for major programs. Further, KPMG reported that it did not find any deficiencies in internal control it considered to be material weaknesses and significant deficiencies in internal control over financial reporting. Additionally, KPMG did not find any material weaknesses on internal control over major programs but did discover two significant deficiencies on internal control over major programs. KPMG stated that both the significant deficiencies on internal control over major programs were required to be reported in accordance with 2 CFR 200.516(a). KPMG calculated that the questioned costs associated with the significant deficiencies amounted to \$11,000—\$1,000 associated with two USAID awards, and \$10,000 associated with one US Department of State award. 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/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch determine the allowability of the \$1,000 in questioned costs associated with two USAID awards and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch determine if IRC addressed the issues noted.

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.