



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

MEMORANDUM

DATE: December 13, 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 CESVI Under Grant # 720FDA19CA00024, for the year ended December 31, 2021 (Report No. 3-000-24-016-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by CESVI under Grant # 720FDA19CA00024 for the year ended December 31, 2021. CESVI 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 CESVI'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 statements for the USAID funded programs present 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 CESVI's internal control related to the USAID funded programs, assess control risk, and identify significant deficiencies including material weaknesses; (3) determine whether the recipient complied, in all material respects, with the agreement's terms and applicable laws and regulations related to the USAID funded programs; and (4) determine if the recipient has taken adequate corrective action on prior audit report findings and recommendations. To answer the audit objectives, GRF (1) reviewed direct and indirect costs billed to and

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.

reimbursed by the U.S. Government and costs incurred but pending reimbursement, and identified and quantified any questioned costs, (2) reviewed and evaluated the recipient's internal controls related to USAID 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 (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. GRF reported total USAID audited expenditures of \$981,626 for the period audited.

GRF concluded that the fund accountability statement presented fairly, in all material respects, the costs incurred and reimbursed by USAID for the period audited. There were no questioned costs identified. GRF did not identify any material weaknesses in internal control or any instances of material noncompliance with U.S. government auditing standards. However, GRF noted other matters involving the internal control and its operations and other material instances of noncompliance that have been reported to the management of CESVI in its report on findings and recommendations dated September 15, 2022. There were no prior year audit findings and 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.