



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 1, 2024

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 INTERSOS Organizzazione Umanitaria Onlus Under Multiple Awards, for the Fiscal Year Ended December 31, 2021 (3-000-24-027-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources managed by INTERSOS Organizzazione Umanitaria Onlus (INTERSOS) under multiple awards for the fiscal year (FY) ended December 31, 2021. INTERSOS contracted with the independent certified public accounting firm of Crowe U.K. LLP (Crowe) to conduct the audit. Crowe stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID's Financial Audit Guide for Foreign Organizations. However, Crowe did not fully satisfy the continuing professional education requirement in GAGAS. In addition, Crowe reported it did not have an external peer review because no such program is offered by professional organizations in the United Kingdom. Crowe is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on INTERSOS'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 statement for the period audited was presented fairly, in all material respects; (2) evaluate INTERSOS's internal controls; (3) determine whether INTERSOS complied with award terms and applicable laws and regulations; and (4) to determine if INTERSOS has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, Crowe (1) reconciled the fund accountability statement to underlying accounting records, bank statements and reports to USAID; (2) reviewed the recipient's internal controls related to USAID programs to obtain sufficient understanding of the design of relevant control policies

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.

and procedures and whether those policies and procedures have been in operation during the audited period; and (3) performed tests to determine whether the recipient complied, in all material respects, with the agreement terms. The report on the fund accountability statement disclosed that USAID audited expenditures were \$12,131,358 for the fiscal year ended December 31, 2021.

Crowe concluded that, except for the effects of the \$58 ineligible indirect questioned costs, the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred, and commodities and technical assistance directly procured by USAID or pass-through entities for the year that ended in accordance with the terms of the agreements. Crowe did not identify any significant deficiencies or material weaknesses in internal control and identified one instance of noncompliance that is required to be reported here under GAGAS. 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 \$58 in illegible questioned costs and recover any amount determined to be unallowable. Crowe reported that there were no previous audit report recommendations.

During our desk review, we identified an issue Crowe will need to address in future audit reports. We presented the issue in a memo to USAID's Chief Financial Officer, dated February 1, 2024.

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 oinotice_ndaa5274@usaid.gov.²