



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 7, 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 Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Recipient Contracted Audit Report of GOAL for the Year Ended December 31, 2021 (3-000-24-032-R)

This memorandum transmits the recipient contracted audit report of GOAL for the year ended December 31, 2021. GOAL contracted with the independent certified public accounting firm Sayer Vincent LLP (Sayer Vincent) to conduct the audit. Sayer Vincent 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, Sayer Vincent disclosed that it did not have a continuing education program that fully satisfies the requirement set forth in Chapter 4, paragraph 4.16 of U.S. Government Auditing Standards and it did not have an external quality control review by an unaffiliated audit organization as required by Chapter 5, paragraphs 5.60 and 5.95 of U.S. Government Auditing Standards. Sayer Vincent is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on GOAL's schedule of expenditures of USAID awards, the effectiveness of its internal control, or its compliance with the award, laws, and regulations.¹

Sayer Vincent's audit objectives were to (1) express an opinion on whether the schedule of expenditures for the USAID-funded programs present fairly in all material respects in relation to GOAL's financial statements as a whole and in the revenues received, costs incurred, and assets, commodities and technical assistance directly procured with USAID funding for the period audited in conformity with the terms of the award and generally accepted accounting principles; (2) evaluate GOAL's internal control related to the USAID-funded programs, assess control risk and identify significant deficiencies including material weaknesses; (3) perform tests

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

to determine whether GOAL complied, in all material respects, with agreement terms (including cost sharing or matching contributions, if applicable) and applicable laws and regulations related to USAID funded programs; (4) evaluate whether GOAL met its cost-sharing or matching contributions, if required by the agreement; (5) perform an audit of the indirect cost rate(s) if GOAL was authorized to charge indirect costs to USAID using a provisional or 10 percent de minimis rate and USAID had not yet negotiated final rates with GOAL; (6) if GOAL was authorized to charge a provisional indirect cost rate, then perform a financial audit of GOAL's organization-wide general-purpose financial statements; and (7) determine if GOAL took adequate corrective actions on prior audit report recommendations, if applicable. To answer the audit objectives, Sayer Vincent: (1) reviewed direct and indirect costs billed to, and reimbursed, by USAID and costs incurred but pending reimbursement by USAID, identified and quantified any questioned costs; (2) reviewed the applicable documents and information relevant to these USAID programs; (3) reviewed the general and program ledgers to determine whether costs incurred were properly recorded; (4) reconciled direct costs billed to and reimbursed by USAID to the program and general ledger; (5) reviewed procedures used to control the funds; (6) reviewed bank accounts and controls on those accounts, confirming balances to supporting documentation; (7) examined the underlying documentation which supported the financial transactions relevant to these USAID programs; (8) evaluated the compliance procedures in relation to applicable laws and regulations; (9) evaluated the effectiveness of the design of internal controls relevant to detecting material non-compliance; (10) reviewed the method of computation of provisional indirect cost rates to ensure this is within approved guidance; (11) reviewed procurement procedures to determine whether sound commercial practices, including competition were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received; (12) reviewed direct salary charges to determine whether salary rates are reasonable for that position, in accordance with those approved by USAID (when required) and supported by appropriate payroll records; (13) reviewed travel and transportation charges to determine whether they are adequately supported and approved; (14) reviewed commodities procured by GOAL to determine whether these existed, or were used for their intended purpose in accordance with the terms of the agreements, and whether appropriate internal control procedures exist and have been placed in operation to adequately safeguard the commodities; (15) reviewed technical assistance and services procured by GOAL to ensure these were used for their intended purposes and in accordance with the terms of the agreements; and (16) reviewed unliquidated advances and pending reimbursements by USAID, ensured that excess cash is returned to USAID and all assets (if applicable) procured with program funds are disposed in accordance with the USAID agreements. Sayer Vincent examined costs of \$111,745,116 through December 31, 2021.

Sayer Vincent concluded that the schedule of expenditures presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the year then ended in accordance with the terms of the agreements and in conformity with the modified accrual basis of accounting. In addition, Sayer Vincent noted it did not identify any (1) significant deficiencies in internal controls or material weaknesses. Therefore, there were no findings related to internal controls; and (2) instances of material non-compliance with applicable laws, regulations or the terms and conditions of the agreements. Therefore, there were no findings related to compliance.

Additionally, Sayer Vincent did not identify and cost sharing requirements as part of any of the awards covering the year ended December 31, 2021. The indirect costs rate used for reported costs in the year to December 31, 2021, was 8.26 percent. This rate was approved via communication from USAID in May 2021, with the effective period from January 1, 2020, until the rate is amended. Subsequent to this in May 2022, a provisional rate of 11.07 percent was approved, with the effective period from January 1, 2021. The calculated rate for 2021, shown in the report, is 6.71 percent, which had not been approved by USAID at the date of Sayer Vincent's report. The difference between the rate used (8.26 percent) and the calculated rate of 6.71 percent resulted in an overcharge of indirect costs in 2021 of \$1,779,097. USAID approved the rate in May 2021, which was effective from January 1, 2020, until amended. Because Sayer Vincent did not identify any material audit findings in the financial year to December 31, 2020, Sayer Vincent did not follow up on the issue. Finally, Sayer Vincent did not discover any material unsupported costs for the year ended December 31, 2021. Sayer Vincent submitted to GOAL a management letter dated September 30, 2022.

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.