



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

MEMORANDUM

DATE: March 6, 2024

TO: USAID/Bureau for 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: Financial Audit of The Fund Accountability Statement of USAID Resources Managed by AVSI Foundation Under Cooperative Agreement No. AID-FFP-A-17-00006 and Sub-Agreements with JHPIEGO 17-SBA-184 for the Period January 1, 2019, to December 31, 2019 (3-000-24-041-R)

This memorandum transmits the final financial audit report of The Fund Accountability Statement of USAID Resources Managed by AVSI Foundation (AVSI) Under Cooperative Agreement No. AID-FFP-A-17-00006 and Sub-Agreements with JHPIEGO 17-SBA-184 for the Period January 1, 2019, to December 31, 2019. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost, Audit and Support Division, Contract Audit Management Branch contracted with the independent certified public accounting firm of Epyon Audit S.r.l. (Epyon), Milan, Italy, to conduct the audit. Epyon stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of United States and The Guidelines for Financial Audits Contracted by Foreign Recipients. Epyon is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on AVSI's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit's objectives were to (1) express an opinion on whether AVSI's fund accountability statement (FAS) presented fairly, in all material respects, revenues received, costs incurred, commodities and technical assistance directly procured with the terms of the agreements and generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis); (2) evaluate and obtain a sufficient understanding of AVSI's internal control, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) perform tests to determine whether AVSI complied, in all material respects, with agreements terms and

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.

applicable laws and regulations related to US Government funded programs; and (4) perform tests to provide reasonable assurance of detecting situations or transactions in which fraud or illegal acts have occurred or are likely to have occurred. To answer the audit's objective, Epyon (1) reviewed AVSI's grants transferred to the program during the period January 1, 2019, through December 31, 2019, and confirmed the amounts with bank accounts; (2) verified AVSI's expenditures by checking sampled amounts against supporting documentation; (3) evaluated significant internal controls to obtain a sufficient understanding of the design of relevant controls, policies, and procedures and confirmed whether they were operational; and (4) reviewed AVSI's compliance with the terms and conditions of the agreements. Epyon examined USAID costs of \$8,045,436 for the period January 1, 2019, to December 31, 2019.

Epyon concluded that AVSI's FAS 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 accrual basis of accounting. Further, Epyon did not identify any questioned costs. Finally, Epyon stated it noted no matters involving internal control and its operation it considered to be material weaknesses and its results disclosed no instances of noncompliance required to be reported under GAGAS.

During our desk review, we noted areas for improvements Epyon should address in future audit reports. We presented the areas for improvements in a memo to USAID/Chief Financial Officer, dated March 6, 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 oignotice_ndaa5274@usaid.gov.