



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 12, 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 Action Contre La Faim Under Multiple Awards, for the Fiscal Year Ended December 31, 2022 (3-000-24-043-R)

This memorandum transmits the final report on the financial audit of multiple U.S. Agency for International Development (USAID) awards managed by Action Contre La Faim (ACF) for the year ended December 31, 2022. ACF 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 the USAID 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 ACF's schedule of expenditures of USAID awards (SEFA); 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 schedule of expenditures of USAID awards presents fairly in all material respects, 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 awards; (2) evaluate and obtain a sufficient understanding of ACF's internal controls related to the USAID funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses (3) perform tests to determine whether ACF complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs; (4) determine if ACF has taken adequate corrective action on prior audit report recommendations; (5) review cost-sharing contributions to determine whether they were provided and accounted for by

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.

ACF in accordance with the terms of the agreements, and review the cost-sharing table to determine if the computation is fairly presented in accordance with the basis of accounting used by ACF to prepare the schedule; (6) perform an audit of the indirect cost rate; and (7) determine whether the general purpose financial statements were audited in accordance with GAGAS and whether those audited financial statements express an opinion on whether the general purpose financial statements present fairly, in all material respects, the results of its operations for the year then ended, in conformity with generally accepted accounting principles. To answer the audit objectives, GRF performed audit procedures to (1) review direct and indirect costs billed to and reimbursed by USAID and pass-through entities and costs incurred but pending reimbursement, and identified and quantified any questioned costs; (2) review and evaluate ACF'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; (3) identify the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards, and assess the inherent and control risk that material noncompliance could occur for each of the compliance requirements; (4) review the status of actions taken on findings and recommendations reported in prior audits of USAID funded programs, and evaluate whether ACF has taken appropriate corrective action; and (5) determine whether ACF has used provisional rates to charge indirect costs to USAID and pass-through agencies. GRF examined the projects' costs of \$73,975,821 for the audited period.

GRF concluded that the schedule of expenditures of USAID awards presents fairly, in all material respects, the costs incurred and reimbursed by USAID and pass-through entities for the year ended December 31, 2022, in accordance with the terms of the agreements. GRF did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. However, GRF noted certain matters involving internal control and its operation, and immaterial non-compliance instances reported to the management of ACF in the report on findings and recommendations. Furthermore, GRF reported that nothing came to its attention that caused us to believe that ACF did not fairly present the cost-sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing schedule. GRF stated that the statement of indirect rate calculation was fairly stated in all material respects in relation to the general-purpose financial statements as a whole. The general-purpose financial statements of ACF for the year ended December 31, 2022, were audited by other auditors, who expressed an unmodified opinion. GRF reported that one prior audit finding was still unresolved.

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.