



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

MEMORANDUM

DATE: March 18, 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: Audit of the Expenditure Schedule of USAID Awards of Norwegian Church Aid for the Year Ended December 31, 2021 (3-000-24-044-R)

This memorandum transmits the final audit report on the expenditure schedule of U.S. Agency for International Development (USAID) awards of Norwegian Church Aid (NCA) for the year ended December 31, 2021. NCA contracted with the independent audit firm Gelman, Rosenberg & Freedman (GRF) to conduct the audit. GRF stated that it performed its audit in accordance with generally accepted government auditing standards. GRF is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NCA's schedule of expenditures; 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 was presented fairly, in all material respects; (2) evaluate NCA's internal controls; (3) determine whether NCA complied with award terms and applicable laws and regulations; and (4) determine if NCA has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives GRF (a) reviewed 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; (b) reviewed and evaluated NCA'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 (c) 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, and assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements. The

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.

schedule of expenditures disclosed that USAID's audited expenditures were \$2,133,099 for the fiscal year ended December 31, 2021.

The audit firm 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 period, in accordance with the terms of the agreements. GRF identified no questioned costs, one significant deficiency in internal control related to documentation of salary costs, and one instance of material non-compliance. GFR reported that for two prior audit recommendations, one remains open and other is closed. The firm issued a management letter to NCA's Board of Directors.

To address the issues identified in the report, we recommend USAID's Office of Acquisition and Assistance Cost, Audit and Support Division/Contract Audit Management Branch:

Recommendation I. Verify that NCA corrects the one instance of material noncompliance detailed on page III-2 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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.