



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: March 26, 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 USAID multiple awards managed by Vietnam Red Cross Society for the year ended December 31, 2021 (3-000-24-048-R)

This memorandum transmits the final audit report on the U.S. Agency for International Development (USAID) resources directly or indirectly through American Red Cross managed by Vietnam Red Cross Society (VRCS) under multiple awards for the fiscal year ended December 31, 2021. VRCS contracted with Grant Thornton, Vietnam, Limited (GT) to conduct the audit. GT stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. However, GT did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in Vietnam. GT is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on VRCS's schedule of expenditures, the effectiveness of its internal control, or its compliance with the awards, 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 commodities and technical assistance directly procured by USAID for the period audited in conformity with the terms of the agreements; (2) evaluate VRCS's internal controls; (3) perform tests to determine whether VRCS complied, in all material respects, with agreement terms, and applicable laws and regulations related to USAID-funded programs; and (4) determine if VRCS has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, GT (a) reviewed direct and indirect costs

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.

billed to and reimbursed by USAID, identifying and quantifying any questioned costs; (b) reviewed and evaluated the recipient's internal controls related to USAID programs and determined whether they 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. GT examined total USAID expenditures of \$ 1,402,648 for the period audited.

GT concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, the costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period audited, in accordance with the terms of the agreement. GT did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. Furthermore, GT reported that there were no prior recommendations since no such audit was performed in the prior year. GT issued a management letter.

During our desk review, we identified one issue GT will need to address in future audit reports. We presented the issues in a memo dated March 26, 2024, to USAID's Chief Financial Officer.

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.