



## MEMORANDUM

**DATE:** March 2, 2021

**TO:** USAID/M/OAA/CAS/CAM, Supervisory Auditor, Eleanor C. Jefferson

**FROM:** USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by INTERSOS Organizzazione Umaniteria Onlus in Multiple Countries Under Multiple Awards, January 1 to December 31, 2018 (Report No. 4-000-21-042-R)

This memorandum transmits the final audit report on USAID resources managed by INTERSOS Organizzazione Umaniteria Onlus (INTERSOS) in multiple countries under multiple awards listed the attached appendix I. INTERSOS contracted with the independent certified public accounting firm Crowe U.K. LLP, London, United Kingdom, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on INTERSOS' fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate INTERSOS' internal controls; (3) determine whether INTERSOS complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, Crowe U.K. LLP (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues

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<sup>1</sup> 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.

received from USAID for the period covered by the audit and the costs reported by INTERSOS as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to INTERSOS' ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (3) identified the award terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement; and (4) reviewed the implementation status of the prior period recommendations. INTERSOS reported expenditures of \$9,075,340 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited, except for \$875 in total ineligible questioned costs; no material weaknesses in internal control; and one instance of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation related to the questioned costs or on the noncompliance instance that specifically relates to the questioned costs identified. Nevertheless, we suggest that USAID/M/OAA/CAS/CAM determine the allowability of the \$875 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated March 2, 2021.

Accordingly, we are not making any recommendations.

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").

## Appendix I (only USAID awards)

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>
Multisector Emergency Response for Kandahar Province for the Conflict Affected Population (grant) – closeout	AID-OFDA-G-17-00224	Jan. 1 – Sep. 30, 2018
Multi-sector Emergency Response for the Conflict Affected Population in Afghanistan (grant)	720FDA18GR00289	Oct. 1 – Dec. 31, 2018
Provision of Life Saving and Life Sustaining Protection Assistance to Conflict Affected and Critically at Risk People in Iraq (grant) – closeout	AID-OFDA-G-17-00266	Jan. 1 – Dec. 27, 2018
Food Security and Normalization of Living Condition for IDPs and Host Communities in Lake Region, Chad (grant) – closeout	AID-OFDA-G-17-00119	Jan. 1 – Jul. 20, 2018
Food Security and Normalization of Living Condition for IDPs and Host Communities in Lake Region, Chad (grant)	720FDA18GR00087	Aug. 27 – Dec. 31, 2018
Expansion of Emergency WASH Activities Including Cholera Emergency, Respond, Protection and Nutrition Assistance for Conflict Affected Populations in Yemen (grant) - closeout	AID-OFDA-G-17-00246	Jan. 1 – Oct. 31, 2018
Emergency Multi-sector Response for Yemen in Ibb and Taiz Governorates (grant)	720FDA18GR00215	Nov. 1 – Dec. 31, 2018
Food Security Normalization of Living Condition for IDPs and Vulnerable People in Far North – Cameroon (grant) – closeout	AID-OFDA-G-17-00136	Jan. 1 – Sep. 30, 2018
Food Security and Normalization of Living Condition for Returnees, IDP's and Vulnerable People in Far North Cameroon (grant)	720FDA18GR00071	Oct. 1 – Dec. 31, 2018
Provision of Emergency Health Care, Nutrition and WASH Services for Internally Displaced Persons in Conflict Affected Communities in Nigeria, Bama and Dikwa, Borno State, Northeast Nigeria (grant) – closeout	AID-OFDA-G-17-00212	Jan. 1 – Sep. 13, 2018
Provision of Emergency Health Care, Nutrition, Protection and WASH Services for People Affected by the Ongoing Crisis in Ngala, Bama, Dikwa, Magumeri and Kukawua LGAs, Borno State, Northeast Nigeria (grant)	720FDA18GR00201	Sep. 14 – Dec. 31, 2018