



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

MEMORANDUM

DATE: April 22, 2022

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Supervisory Auditor, Eleanor C. Jefferson

FROM: Director of External Financial Audit Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Financial Audit Report of Shell Foundation for the Year Ended December 31, 2018 (3-000-22-014-R)

This memorandum transmits the final audit report on the recipient contracted audit of Shell Foundation for the year ended December 31, 2018. Shell Foundation contracted with the independent certified public accounting firm Sayer Vincent LLP to conduct the audit. Sayer Vincent LLP stated that it performed its audit in accordance with generally accepted government auditing standards, and the *USAID Financial Audit Guide for Foreign Organizations*. However, it did not have a continuing professional education program that fully satisfied generally accepted government auditing standards and did not have an external peer review by unaffiliated organization because such a program is not available in the United Kingdom. Sayer Vincent LLP is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Shell Foundation's fund accountability statement; 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 fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate Shell Foundation's internal control; and (3) determine whether Shell Foundation complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed procedures to evaluate the effectiveness of the design and operation of the internal controls that were considered relevant to detecting material noncompliance with the compliance requirements applicable to each of Shell Foundation's U.S. government awards, reviewed applicable documents, and performed those tests which it considered necessary. The audit covered USAID audited expenditures of \$2,522,930 for the year ended December 31, 2018.

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.

Sayer Vincent LLP issued a modified opinion concluding that, except for the effects of questioned costs described below, the fund accountability statement 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 agreement and in conformity with the modified accrual basis of accounting. The audit firm identified \$133,402 in total questioned costs (\$133,402 unsupported). The audit firm found an instance of material non-compliance arising from personnel costs charged without an adequate timekeeping system, i.e., resulting in costs that were not supported with adequate documentation.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to USAID's Chief Financial Officer, dated April 22, 2022.

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

Recommendation 1. Determine the allowability of \$133,402 in questioned costs (\$133,402 unsupported) on pages 18 and 19 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Shell Foundation corrects the instance of material noncompliance detailed on pages 18 and 19 of the audit report.

We ask that you provide your written notification of actions planned or taken to a 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").