

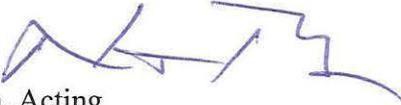


United States Department of State  
and the Broadcasting Board of Governors

*Office of Inspector General*

SEP 12 2013

MEMORANDUM

TO: PM/WRA – Thomas Kodiak 

FROM: OIG/AUD – Norman P. Brown, Acting

SUBJECT: Report on *Audit of Norwegian People's Aid Under Department of State and U.S. Agency for International Development Multiple Agreements for Year Ended December 31, 2010* (AUD-CG-13-42)

Attached for your review is a report on the audit of grants provided by the U.S. Agency for International Development (USAID) and the Department of State (Department) to the nongovernmental organization Norwegian People's Aid. The audit, conducted by an independent public accountant, was requested by USAID's Office of Inspector General (OIG).

The report addresses internal control weaknesses and other issues of noncompliance with the terms of the grant agreement and applicable laws and regulations that require the grantee to take corrective action. However, the reported internal control weaknesses for Department grants are similar to those reported for USAID grants in the subject report. USAID compliance staff has requested that the Norwegian People's Aid take action to correct the control deficiencies. USAID will monitor the corrective actions taken by the Norwegian People's Aid to implement the recommendations on internal controls and issues of noncompliance.

Based on the results of the audit, the Department's OIG has one recommendation to the Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement:

**Recommendation 1.** OIG recommends that the Grants Officer, Bureau of Political-Military Affairs, Office of Weapons Abatement, issue a final determination on the allowability of questioned costs of \$20,283 for Grant Awards Nos. S-PMWRA-10-GR-066 (\$4,594–ineligible costs), S-PMWRA-09-GR-112 (\$10,023–ineligible costs), and S-PMWRA-09-GR-004 (\$5,666–unsupported costs). If the costs are disallowed, the responsible official should ensure that the Norwegian People's Aid reimburses the Department of State.

As the action office for the recommendation, please provide, within 30 days of the date of this memorandum, a response to the Department's OIG. Your response should also include information on actions taken or planned for the questioned costs identified in the report. Actions

taken or planned are subject to followup and reporting in accordance with the attached compliance response information.

If you have any questions, please contact Melinda M. Perez, Director for Grants and Contracts Division, at (703) 284-(b) (2), (b) (6) or by email at (b) (2), (b) (6)@state.gov.

Attachments: As stated.

cc: PM/EX – Cathleen E. Lawrence  
USAID/M/OAA/CAS – Eleanor C. Jefferson

## NORWEGIAN PEOPLE'S AID

### RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER FOR THE YEAR ENDED DECEMBER 31, 2010

#### 1. INTRODUCTION TO NORWEGIAN PEOPLE'S AID

Norwegian People's Aid (NPA) is a non-governmental organization (NGO) located in Oslo, Norway. NPA is a membership governed organization, which stands on four pillars of equal worth: youth work, health and rescue work, socially targeted work and international work. NPA bases much of its activity on members' voluntary work.

In NPA's national, international youth, and health and rescue work, the following areas are promoted:

- The fight against oppression, poverty and unjust distribution.
- The fight against racism and discrimination.
- Work for equality and against violence and injustice.
- Prevention, voluntary engagement and competence building.

This report is with respect to the U.S. Government funded programs in South Sudan, Angola, and Cambodia. The programs were managed by NPA's field offices located in Nairobi, Kenya, Juba, South Sudan, Tbilisi, Georgia, Luanda, Angola, Vientiane, Laos and Amman, Jordan.

#### 2. DESCRIPTION OF THE U.S. GOVERNMENT FUNDED AWARDS

Following is a description of the active grant awards under which NPA incurred expenditures during the year ended December 31, 2010:

▪ **Award # FFP-A-00-04-00021-00**

In January of 2004, the United States Agency for International Development, Bureau for Democracy, Conflict and Humanitarian Assistance, awarded NPA \$9,423,316 under Grant # FFP-A-00-04-00021-00, for the period January 1, 2004 through December 31, 2004. The main purpose of the grant is to donate agricultural commodities and to pay related support costs for emergency food security program in eastern and western corridors of South Sudan.

There have been fifteen modifications to this grant, which revised the completion date to October 31, 2010, and which increased USAID funding to \$65,588,100, as follows:

	<u>Year</u>	<u>US\$</u>
Initial award	2004	\$ 9,423,316
Modification No. 1	2004	1,094,152
Modification No. 2	2004	5,011,600
Modification No. 3	2005	6,358,276
Modification No. 4	2005	4,401,300
Modification No. 5	2005	4,517,639
Modification No. 6	2006	4,000,000
Modification No. 7	2006	9,443,300
Modification No. 8	2006	-
Modification No. 9	2007	-
Modification No.10	2008	8,880,717
Modification No.11	2009	-
Modification No.12	2009	6,167,100
Modification No.13	2009	6,290,700
Modification No.14	2010	-
Modification No.15	2010	-
<b>TOTAL FUNDING</b>		<b><u>\$65,588,100</u></b>

**NORWEGIAN PEOPLE'S AID**

**RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**2. DESCRIPTION OF THE U.S. GOVERNMENT FUNDED AWARDS (Continued)**

▪ **Award # DFD-G-00-10-00068-00**

In January of 2010, the United States Agency for International Development, Office of Acquisition and Assistance, awarded NPA \$2,460,349 under Grant # DFD-G-00-10-00068-00 for the period January 27, 2010 through January 31, 2011. The main purpose of the grant is to provide support for a food security and agricultural program in South Sudan. Based upon the objective stated in the award, the project is expected to distribute seeds and tools in the State of Jonglei South Sudan. The program goal stated in the award is to strengthen capacity of rural communities in Southern Sudan to achieve improved livelihoods.

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$2,460,349</u>
<b>TOTAL FUNDING</b>		<b><u><u>\$2,460,349</u></u></b>

▪ **Award #S-PMWRA-09-GR-012**

In June of 2009, the U.S. Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded NPA \$1,000,000 under Grant # S-PMWRA-09-GR-012 for the period June 1, 2009 through May 31, 2010. The main purpose of the grant is to contribute to the operational funding and support of explosive ordinance disposal (EOD) and battle area clearance (BAC) and technical survey. Amendment 001 extended the work completion time to December 31, 2010.

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2009	<u>\$1,000,000</u>
<b>TOTAL FUNDING</b>		<b><u><u>\$1,000,000</u></u></b>

▪ **Award #S-PMWRA-10-GR-102**

In July of 2010, the U.S. Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded NPA \$1,050,000 under Grant # S-PMWRA-10-GR-102 for the period July 1, 2010 through June 30, 2011. The main purpose of the grant is to contribute to the operational funding and support of explosive ordinance disposal (EOD) and battle area clearance (BAC) in Sudan.

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$1,050,000</u>
<b>TOTAL FUNDING</b>		<b><u><u>\$1,050,000</u></u></b>

**NORWEGIAN PEOPLE'S AID**

**RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**2. DESCRIPTION OF THE U.S. GOVERNMENT FUNDED AWARDS (Continued)**

▪ **Award #S-PMWRA-09-GR-121**

In June of 2009, the U.S. Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded NPA \$168,362 under Grant # S-PMWRA-09-GR-121 for the period September 30, 2009 through March 31, 2010. The main purpose of the grant is to support the Poti Harbour Survey in Georgia.

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2009	<u>\$168,362</u>
<b>TOTAL FUNDING</b>		<b><u>\$168,362</u></b>

▪ **Award #S-PMWRA-10-GR-079**

In June of 2010, the U.S. Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded NPA \$247,620 under Grant # S-PMWRA-10-GR-079 for the period July 1, 2010 through June 30, 2011. The main purpose of the grant is to support NPA's Viet Nam Bomb and Mine clearance Action Centre (VBMAC) for development of Information Management Systems for Mine Action in Vietnam. The principle objective of this grant is to establish national information management systems and an operational national bomb and mine action database unit within VBMAC, for humanitarian mine action in Viet Nam

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$247,620</u>
<b>TOTAL FUNDING</b>		<b><u>\$247,620</u></b>

▪ **Award #S-PMWRA-10-GR-066**

In May of 2010, the U.S. Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded NPA \$700,000 under Grant # S-PMWRA-10-GR-066 for the period May 1, 2010 through April 30, 2011. The main purpose of the grant is to support the NPA UXO Survey and Clearance in Lao PDR. The principle objective of this Grant will be to conduct UXO survey and clearance operations in Sekong province in Lao PDR.

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$700,000</u>
<b>TOTAL FUNDING</b>		<b><u>\$700,000</u></b>

**NORWEGIAN PEOPLE'S AID**

**RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**2. DESCRIPTION OF THE U.S. GOVERNMENT FUNDED AWARDS (Continued)**

▪ **Award # S-PMWRA-09-GR-112**

In June of 2009, the U.S. Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded NPA \$400,000 under Grant # S-PMWRA-09-GR-112 for the period September 18, 2009 through August 31, 2010. The main purpose of the grant is to support "NPA UXO Survey and Clearance in Laos PDR".

Based upon the objectives stated in the award, the project is expected to achieve the following outcomes:

- Mitigate the risk to community livelihoods in all affected villages within the NPA Area of Operations;
- The National Regulatory Authority has a clearer view as to the scale of the ERW problem in Sekong Province

There has been one modification to this grant, which revised the completion date to November 30, 2010. The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2009	<u>\$400,000</u>
<b>TOTAL FUNDING</b>		<b><u>\$400,000</u></b>

▪ **Award # S-PMWRA-10-GR-013**

In May 2010, the United States Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded NPA \$1,800,000 under Grant # S-PMWRA-10-GR-013, for the period May 1, 2010 through April 30, 2011.

The main purpose of the grant is to protect victims of conflict and restore access to land and infrastructure through the following:

- Increasing available land for economic and social development;
- Allow free movement and settlement of populations;
- Contribute to improvement of physical infrastructure and access (bridges, schools, etc) to promote an increased movement and exchange of goods among communities;

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$1,800,000</u>
<b>TOTAL FUNDING</b>		<b><u>\$1,800,000</u></b>

NORWEGIAN PEOPLE'S AID

RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2010

2. DESCRIPTION OF THE U.S. GOVERNMENT FUNDED AWARDS (Continued)

▪ Award # S-PMWRA-10-GR-055

In May 2010, the United States Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded NPA \$1,254,267 under Grant # S-PMWRA-10-GR-055, for the period May 1, 2010 through January 31, 2011. The main purpose of the grant is to replace the broken and worn-out equipment, which NPA uses to carry-out WRA funded projects to protect victims of conflict and restore safe access to land and infrastructure. NPA received a no cost modification extending the work completion time to April 30, 2011.

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$1,254,267</u>
<b>TOTAL FUNDING</b>		<b><u>\$1,254,267</u></b>

▪ Award # S-PMWRA-09-GR-004

In May 2009, the United States Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded NPA \$1,426,721 under Grant # S-PMWRA-09-GR-004, for the period May 1, 2009 through April 30, 2010. The main purpose of the grant is to protect victims of conflict and restore access to land and infrastructure through the following:

- Increasing available land for economic and social development;
- Allow free movement and settlement of populations;
- Contribute to improvement of physical infrastructure and access (bridges, schools, etc) to promote an increased movement and exchange of goods among communities;

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2009	<u>\$1,426,721</u>
<b>TOTAL FUNDING</b>		<b><u>\$1,426,721</u></b>

▪ Award # S-PMWRA-10-GR-073

In July 2010, the United States Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded NPA \$1,000,000 under Grant # S-PMWRA-10-GR-073, for the period July 1, 2010 through June 30, 2011 to support NPA's Jordan Northern Border Mine Clearance Project. The main purpose of the grant is to complete the clearance along the Syrian border so that landmines and Explosive Remnants of War (ERW) are no longer an obstacle to development in Jordan. The objectives of this project are:

- To complete the Northern Border Project (NBP) by clearing the 104 km mine belt along the Jordan-Syrian border.
- Verify clearance activities through manual verification teams, machines and Mine Detections Dogs (MDD).

**NORWEGIAN PEOPLE'S AID**

**RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**2. DESCRIPTION OF THE U.S. GOVERNMENT FUNDED AWARDS (Continued)**

▪ **Award # S-PMWRA-10-GR-073 (Continued)**

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$1,000,000</u>
<b>TOTAL FUNDING</b>		<b><u>\$1,000,000</u></b>

▪ **Award # S-PMWRA-10-GR-068**

In June 2010, the United States Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded NPA \$1,230,000 under Grant # S-PMWRA-10-GR-068, for the period June 1, 2010 through May 31, 2011 to support NPA's South Iraq Advisory Support to the Regional Mine Action Center South (RMACS) project. The main purpose of the grant is for mines and Explosive Remnants of War (ERW) to no longer be an obstacle to development in Central/South Iraq. The objectives of this project are:

- Formalization of the RMACS role as a regional mine action center.
- Delegation authority and responsibility from the DMA to the RMACS will be defined and agreed upon between all parties and subsequently the roles and terms of references of the individuals within RMACS will be clarified.
- Conduct full needs assessment within the RMACS to indicate the potential shortfalls in the form of human resources, training and assets.

NPA received a no cost modification extending the work completion time to July 31, 2011.

The following is a summary of the current obligated funding:

	<u>Year</u>	<u>US\$</u>
Initial award	2010	<u>\$1,230,000</u>
<b>TOTAL FUNDING</b>		<b><u>\$1,230,000</u></b>

**3. PERIOD OF AUDIT**

In accordance with the terms of reference for the audit, this report covers the year ended December 31, 2010.

**4. OBJECTIVES AND SCOPE OF AUDIT**

Our audit of the fund accountability statements of NPA's United States Agency for International Development (USAID) and United States Department of State (USDOS) awards, for the year ended December 31, 2010, was performed in accordance with United States Government Audit Standards and the Guidelines for Financial Audits Contracted by Foreign Recipients, in order for us to express an opinion on the fund accountability statements. Please refer to point 6 below and page I-4 of the accompanying report for our opinion on the fund accountability statements.

**NORWEGIAN PEOPLE'S AID**

**RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**5. PROCEDURES PERFORMED**

As required by United States Government Auditing Standards and the Guidelines for Financial Audits Contracted by Foreign Recipients, we performed audit procedures to evaluate the effectiveness of the design and operation of the internal controls that we considered relevant to preventing or detecting material noncompliance with the compliance requirements applicable to each of NPA's U.S. Government awards.

Our audit procedures included examining the underlying documentation, which supported the financial transactions recorded as expenditures against the U.S. Government awards. Our selection of items, which we examined, was based upon a random sample of transactions as well as the materiality of certain transactions.

**6. AUDIT RESULTS**

***Fund Accountability Statements:***

Our opinion on the fund accountability statements for the year ended December 31, 2010 was unqualified. Please refer to page I-4 of the accompanying report for our full opinion.

***Questioned Costs:***

Our 2010 audit included both ineligible and unsupported questioned costs. Following is a summary of the questioned costs identified during our audit process.

	<b>Questioned Costs</b>	
	<b>Ineligible</b>	<b>Unsupported</b>
Award # FFP-A-00-04-00021-00	\$ -	\$ -
Grant # DFD-G-00-10-00068-00	\$ 35,227	\$ -
Grant # S-PMWRA-09-GR-012	\$ -	\$ -
Grant # S-PMWRA-10-GR-102	\$ -	\$ -
Award #S-PMWRA-09-GR-121	\$ -	\$ -
Award #S-PMWRA-10-GR-079	\$ -	\$ -
Award #S-PMWRA-10-GR-066	\$ 4,594	\$ -
Award #S-PMWRA-09-GR-112	\$ 10,023	\$ -
Award #S-PMWRA-10-GR-013	\$ -	\$ -
Award #S-PMWRA-10-GR-055	\$ -	\$ -
Award #S-PMWRA-09-GR-004	\$ -	\$ 5,666
Award #S-PMWRA-10-GR-073	\$ -	\$ -
Award #S-PMWRA-10-GR-068	\$ -	\$ -

***Report on Internal Control (Please Refer to Sections II and IV of our report):***

We noted the following material weaknesses:

- Noncompliance with established procurement policies (Sudan).
- Significant journal entries which were not properly supported (Sudan).
- Timesheets were incomplete, not signed, not approved and there were instances where time charged to the awards did not correspond to hours indicated on timesheets (Sudan, Angola, Laos, Jordan and Iraq).
- Cash Management: bank reconciliations were not properly completed, reviewed or approved and petty cash counts were not properly conducted or accurate (Sudan).
- Reporting of known fraud (Sudan).

## NORWEGIAN PEOPLE'S AID

### RECIPIENT CONTRACTED AUDIT TRANSMITTAL LETTER FOR THE YEAR ENDED DECEMBER 31, 2010

#### 6. AUDIT RESULTS (Continued)

##### ***Report on Internal Control (Please Refer to Sections II and IV of our report) (continued):***

We noted the following significant deficiencies:

- Inventory was not properly controlled (Sudan).
- Personnel files were incomplete (Sudan).
- Financial records were not properly filed and difficult to locate (Sudan).
- Numerous instances of payment vouchers not properly signed and dated (Sudan).
- Purchase of equipment and vehicles were not properly allocated between donors (Laos).

We noted the following other areas of concern:

- Reconciliation and reporting of employee travel advances (Sudan).
- Numerous instances where similar transactions were coded differently in the accounting system (Sudan).
- Instances of bank reconciliations not being signed by reviewer (Angola).
- Conflict of interest statements (Angola, Laos, Georgia, Jordan and Iraq).
- Whistleblower policy (Angola).
- Timely remittance of tax payments (Laos).
- Travel documentation missing (Laos, Georgia, Jordan and Iraq).
- Adherence to policies and procedures over petty cash (Laos).

##### ***Report on Compliance (Please Refer to Sections III and IV of our report)***

We noted the following material instances of non-compliance:

- Noncompliance with established procurement policies (Sudan).

#### 7. INDIRECT COST RATES

Indirect costs were charged to U.S. Government awards based upon NPA's actual rate of 14.84% for the year ended December 31, 2010. Please refer to Section VI of the accompanying report for the calculation of NPA's 2010 indirect rate audited by other auditors.

#### 8. COST-SHARING

Based on our review, nothing came to our attention that caused us to believe that NPA did not fairly present the Cost-Sharing Schedule. Please refer to Section V of our report for the full Cost-Sharing Schedule.

**NORWEGIAN PEOPLE'S AID  
UNITED STATES GOVERNMENT PROGRAMS**

**AUDIT REPORT**

**FEDERAL AWARD  
COMPLIANCE EXAMINATION**

**AS OF DECEMBER 31, 2010**

# NORWEGIAN PEOPLE'S AID

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**NORWEGIAN PEOPLE'S AID  
UNITED STATES GOVERNMENT PROGRAMS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

# NORWEGIAN PEOPLE'S AID

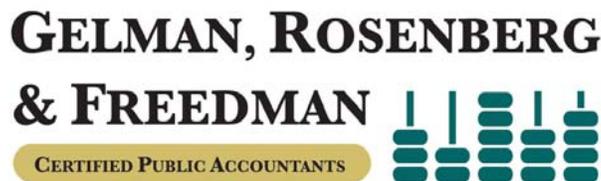
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## NORWEGIAN PEOPLE'S AID

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Norwegian People's Aid  
Oslo, Norway

We have audited the accompanying fund accountability statements of Norwegian People's Aid (NPA) for the year ended December 31, 2010. These fund accountability statements are the responsibility of NPA's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the fund accountability statements in accordance with *U.S. Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the fund accountability statements referred to above present fairly, in all material respects, costs incurred and reimbursed by the United States Government funding agencies for the year ended December 31, 2010, in accordance with the terms of the agreements and in conformity with the basis of accounting described in Note 1 to the fund accountability statements.

In accordance with *U.S. Government Auditing Standards*, we have also issued our reports dated January 17, 2013, on our consideration of NPA's internal control over financial reporting and our tests of compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *U.S. Government Auditing Standards* and should be read in conjunction with this Independent Auditors' Report in considering the results of our audit.

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This report is intended for the information of Norwegian People's Aid and the U.S. Government funding agencies. However, upon release by the funding agencies, this report is a matter of public record and its distribution is not limited.

January 17, 2013

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## NORWEGIAN PEOPLE'S AID

SUMMARY FUND ACCOUNTABILITY STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Actual	Questioned Costs (Note 2)		Eligible
		Ineligible	Unsupported	
<b><u>CASH RECEIPTS</u></b>				
Award # FFP-A-00-04-00021-00	\$ (4,438,691)	\$ -	\$ -	\$ (4,438,691)
Award # DFD-G-00-10-00068-00	(1,850,000)	-	-	(1,850,000)
Award # DFD-G-00-09-00097-00	(494,996)	-	-	(494,996)
Award # S-PMWRA-09-GR-012	(1,000,000)	-	-	(1,000,000)
Award # S-PMWRA-10-GR-102	(200,000)	-	-	(200,000)
Award # S-PMWRA-09-GR-121	(118,362)	-	-	(118,362)
Award # S-PMWRA-10-GR-079	(97,620)	-	-	(97,620)
Award # S-PMWRA-09-GR-112	(300,000)	-	-	(300,000)
Award # S-PMWRA-10-GR-013	(500,000)	-	-	(500,000)
Award # S-PMWRA-10-GR-055	(500,000)	-	-	(500,000)
Award # S-PMWRA-09-GR-004	(250,000)	-	-	(250,000)
Award # S-PMWRA-10-GR-073	(500,000)	-	-	(500,000)
Award # S-PMWRA-10-GR-068	(700,000)	-	-	(700,000)
Total cash receipts	(10,949,669)	-	-	(10,949,669)
<b><u>AGRICULTURAL COMMODITIES</u></b>				
Award # FFP-A-00-04-00021-00	(1,454,400)	-	-	(1,454,400)
<b><u>COSTS INCURRED</u></b>				
Award # FFP-A-00-04-00021-00	5,352,523	-	-	5,352,523
Award # DFD-G-00-10-00068-00	2,135,725	(35,227)	-	2,100,498
Award # S-PMWRA-09-GR-012	626,287	-	-	626,287
Award # S-PMWRA-10-GR-102	306,286	-	-	306,286
Award # S-PMWRA-09-GR-121	109,284	-	-	109,284
Award # S-PMWRA-10-GR-079	140,145	-	-	140,145
Award # S-PMWRA-10-GR-066	95,181	(4,594)	-	90,587
Award # S-PMWRA-09-GR-112	367,147	(10,023)	-	357,124
Award # S-PMWRA-10-GR-013	588,905	-	-	588,905
Award # S-PMWRA-10-GR-055	1,121,796	-	-	1,121,796
Award # S-PMWRA-09-GR-004	607,731	-	(5,666)	602,065
Award # S-PMWRA-10-GR-073	463,943	-	-	463,943
Award # S-PMWRA-10-GR-068	339,353	-	-	339,353
Total costs incurred	12,254,306	(49,844)	(5,666)	12,198,796
Excess of expenditures over receipts				(205,273)
<b>FUNDS RETURNED TO U.S. GOVERNMENT:</b>				
Award #S-PMWRA-09-GR-112				87
Balance due from (to) U.S. Government at beginning of year, as restated (Note 4)				1,477,029
<b>BALANCE DUE FROM (TO) U.S. GOVERNMENT AT END OF YEAR</b>				<b>\$ 1,271,843</b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # FFP-A-00-04-00021-00  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Grant # FFP-A-00-04-00021-00 - Sudan

Period of Performance: January 1, 2004 to October 31, 2010

Total Estimated Amount Awarded: \$65,588,100

Total Obligated Amounts: \$34,361,639

Agricultural Commodities:	\$18,560,661
Inland Freight:	\$12,665,800
ITSH and 202e:	\$34,361,639

Cost Share: \$4,280,422

	<u>Cash</u>	<u>Agricultural Commodities</u>
Balance Due from (to) USAID at December 31, 2009, as restated (Note 4)	\$ 1,384,004	\$ -
Receipts:		
Cash	(3,900,000)	-
Inland freight reimbursements	(538,691)	-
Value of Agricultural Commodities and Ocean Freight	-	(1,454,400)
Eligible Expenditures:		
Agricultural Commodities	-	1,454,400
Inland Freight	663,435	-
ITSH and 202e	3,234,688	-
<b>BALANCE DUE FROM (TO) USAID AT DECEMBER 31, 2010</b>	<b><u>\$ 843,436</u></b>	<b><u>\$ -</u></b>

	<u>Actual</u>	<u>Questioned Costs (Note 2)</u>		<u>Total Eligible</u>	<u>2009 Cumulative</u>	<u>Total Cumulative</u>	<u>Budget</u>	<u>Variance</u>
		<u>Ineligible</u>	<u>Unsupported</u>					
Agricultural Commodities:								
Commodity Value	\$1,454,400	\$ -	\$ -	\$1,454,400	\$10,174,400	\$11,628,800	\$11,551,561	\$ 77,239
Ocean Freight	-	-	-	-	6,314,400	6,314,400	7,009,100	(694,700)
	<u>1,454,400</u>	<u>-</u>	<u>-</u>	<u>1,454,400</u>	<u>16,488,800</u>	<u>17,943,200</u>	<u>18,560,661</u>	<u>(617,461)</u>
Inland Freight	<u>663,435</u>	<u>-</u>	<u>-</u>	<u>663,435</u>	<u>10,404,462</u>	<u>11,067,897</u>	<u>12,665,800</u>	<u>(1,597,903)</u>
Internal Transport, Storage and Handling (ITSH)	2,669,911	-	-	2,669,911	27,428,736	30,098,647	30,381,337	(282,690)
Rehabilitation of Rural Access Roads (202e)	564,777	-	-	564,777	3,115,483	3,680,260	3,980,302	(300,042)
	<u>3,234,688</u>	<u>-</u>	<u>-</u>	<u>3,234,688</u>	<u>30,544,219</u>	<u>33,778,907</u>	<u>34,361,639</u>	<u>(582,732)</u>
<b>TOTAL</b>	<b><u>\$5,352,523</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$5,352,523</u></b>	<b><u>\$57,437,481</u></b>	<b><u>\$62,790,004</u></b>	<b><u>\$65,588,100</u></b>	<b><u>\$(2,798,096)</u></b>

See accompanying notes to financial statements.

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # DFD-G-00-10-00068-00  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Grant # DFD-G-00-10-00068-00 - Sudan

Period of Performance: January 27, 2010 to January 31, 2011

Total Amount Awarded: \$2,460,349

Total Obligated Amount: \$2,460,349

Balance Due from (to) USAID at December 31, 2009	\$ -
Receipts	(1,850,000)
Eligible Expenditures	<u>2,100,498</u>
<b>BALANCE DUE FROM (TO) USAID AT DECEMBER 31, 2010</b>	<b><u>\$ 250,498</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported				
Agricultural and Food Security	<u>\$2,135,725</u>	<u>\$ (35,227)</u>	<u>\$ -</u>	<u>\$2,100,498</u>	<u>\$2,100,498</u>	<u>\$2,460,349</u>	<u>\$(359,851)</u>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-09-GR-012  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Grant # S-PMWRA-09-GR-012 - Sudan

Period of Performance: June 1, 2009 to December 31, 2010

Total Amount Awarded: \$1,000,000

Total Obligated Amount: \$1,000,000

Balance Due from (to) USDOS at December 31, 2009	\$ 309,179
Receipts	(1,000,000)
Eligible Expenditures	<u>626,287</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ (64,534)</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	2009 Cumulative	Total Cumulative	Budget	Variance
		Ineligible	Unsupported					
EOD/BAC Clearance and Technical Survey – Sudan	<u>\$626,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$626,287</u>	<u>\$309,179</u>	<u>\$935,466</u>	<u>\$1,000,000</u>	<u>\$(64,534)</u>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-10-GR-102  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Grant # S-PMWRA-10-GR-102 - Sudan

Period of Performance: July 1, 2010 to June 30, 2011

Total Amount Awarded: \$1,050,000

Total Obligated Amount: \$1,050,000

Balance Due from (to) USDOS at December 31, 2009	\$ -
Receipts	(200,000)
Eligible Expenditures	<u>306,286</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ 106,286</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported				
EOD/BAC Clearance and Technical Survey – Sudan	<u>\$306,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$306,286</u>	<u>\$306,286</u>	<u>\$1,050,000</u>	<u>\$(743,714)</u>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-09-GR-121  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award # S-PMWRA-09-GR-121 - Georgia

Period of Performance: September 30, 2009 to March 31, 2010

Total Amount Awarded: \$168,362

Total Obligated Amount: \$168,362

Balance Due from (to) USDOS at December 31, 2009	\$ 6,424
Receipts	(118,362)
Eligible Expenditures	<u>109,284</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ (2,654)</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	2009 Cumulative	Total Cumulative	Budget	Variance
		Ineligible	Unsupported					
Personnel	\$ 58,807	\$ -	\$ -	\$ 58,807	\$ -	\$ 58,807	\$ 72,900	\$(14,093)
Travel	-	-	-	-	12,457	12,457	14,000	(1,543)
Equipment	9,350	-	-	9,350	33,922	43,272	43,160	112
Supplies	131	-	-	131	800	131	300	631
Running Costs/Other	27,421	-	-	27,421	2,251	27,421	14,780	14,892
Total Direct	95,709	-	-	95,709	49,430	145,139	145,140	(1)
Indirect Costs (Note 3)	13,575	-	-	13,575	6,994	20,570	23,222	(2,652)
<b>TOTAL</b>	<b><u>\$109,284</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$109,284</u></b>	<b><u>\$56,424</u></b>	<b><u>\$165,709</u></b>	<b><u>\$168,362</u></b>	<b><u>\$ (2,653)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-10-GR-079  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award # S-PMWRA-10-GR-079 - Vietnam

Period of Performance: July 1, 2010 to June 30, 2011

Total Amount Awarded: \$ 247,620

Total Obligated Amount: \$ 247,620

Balance Due from (to) USDOS at December 31, 2009	\$ -
Receipts	(97,620)
Eligible Expenditures	<u>140,145</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ 42,525</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported				
Personnel	\$ 43,056	\$ -	\$ -	\$ 43,056	\$ 43,056	\$117,437	\$ (74,381)
Travel	-	-	-	-	-	21,500	(21,500)
Equipment	76,322	-	-	76,322	76,322	49,500	26,822
Supplies	2,362	-	-	2,362	2,362	10,800	(8,438)
Other	295	-	-	295	295	14,100	(13,805)
<b>Total Direct</b>	<b>122,035</b>	<b>-</b>	<b>-</b>	<b>122,035</b>	<b>122,035</b>	<b>213,337</b>	<b>(91,302)</b>
Indirect Costs (Note 3)	18,110	-	-	18,110	18,110	34,283	(16,173)
<b>TOTAL</b>	<b><u>\$140,145</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$140,145</u></b>	<b><u>\$140,145</u></b>	<b><u>\$247,620</u></b>	<b><u>\$(107,475)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-10-GR-066  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award # S-PMWRA-10-GR-066 - Laos

Period of Performance: May 1, 2010 to April 30, 2011

Total Amount Awarded: \$ 700,000

Total Obligated Amount: \$ 700,000

Balance Due from (to) USDOS at December 31, 2009	\$ -
Receipts	-
Eligible Expenditures	<u>90,587</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$90,587</u></b>

	Actual	Questioned Costs (Note 2)		Adjustments	Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported					
Personnel	\$65,782	\$ -	\$ -	\$1,984	\$67,766	\$67,766	\$304,000	\$(236,234)
Travel	-	-	-	-	-	-	33,500	(33,500)
Equipment	-	-	-	-	-	-	128,809	(128,809)
Supplies	2,631	-	-	-	2,631	2,631	26,000	(23,369)
Other	12,485	(4,000)	-	-	8,485	8,485	110,500	(102,015)
Total Direct	80,898	(4,000)	-	1,984	78,882	78,882	602,809	(523,927)
Indirect Costs (Note 3)	12,005	(594)	-	294	11,705	11,705	97,191	(84,486)
<b>TOTAL</b>	<b>\$92,903</b>	<b>\$(4,594)</b>	<b>\$ -</b>	<b>\$2,278</b>	<b>\$90,587</b>	<b>\$90,587</b>	<b>\$700,000</b>	<b>\$(609,413)</b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-09-GR-112  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award # S-PMWRA-09-GR-112 - Laos

Period of Performance: September 18, 2009 to November 30, 2010

Total Amount Awarded: \$ 400,000

Total Obligated Amount: \$ 400,000

Balance Due from (to) USDOS at December 31, 2009	\$ 26,087
Receipts	(300,000)
Eligible Expenditures	357,124
Funds returned to U.S. DOS	<u>87</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u><u>\$ 83,298</u></u></b>

	Actual	Questioned Costs (Note 2)		Adjustments	Total Eligible	2009 Cumulative	Total Cumulative	Budget	Variance
		Ineligible	Unsupported						
Personnel	\$141,561	\$ -	\$ -	\$(1,984)	\$139,577	\$16,084	\$155,661	\$136,200	\$ 19,461
Equipment	80,555	(8,728)	-	-	71,827	-	71,827	92,000	(20,173)
Supplies	35,257	-	-	-	35,257	-	35,257	54,920	(19,663)
Other	64,314	-	-	-	64,314	6,769	71,083	61,500	9,583
Total Direct	321,687	(8,728)	-	(1,984)	310,975	22,853	333,828	344,620	(10,972)
Indirect Costs (Note 3)	47,738	(1,295)	-	(294)	46,149	3,234	49,393	55,380	(5,997)
<b>TOTAL</b>	<b><u><u>\$369,425</u></u></b>	<b><u><u>\$(10,023)</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$(2,278)</u></u></b>	<b><u><u>\$357,124</u></u></b>	<b><u><u>\$26,087</u></u></b>	<b><u><u>\$383,211</u></u></b>	<b><u><u>\$400,000</u></u></b>	<b><u><u>\$(16,789)</u></u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-10-GR-013  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award # S-PMWRA-10-GR-013 - Angola

Period of Performance: May 1, 2010 to April 30, 2011

Total Amount Awarded: \$ 1,800,000

Total Obligated Amount: \$ 1,800,000

Balance Due from (to) USDOS at December 31, 2009	\$ -
Receipts	(500,000)
Eligible Expenditures	<u>588,905</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ 88,905</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported				
Personnel	\$331,845	\$ -	\$ -	\$331,845	\$331,845	\$ 960,624	\$ (628,779)
Equipment	41,696	-	-	41,696	41,696	94,100	(52,404)
Supplies	84,441	-	-	84,441	84,441	330,701	(246,260)
Other	54,823	-	-	54,823	54,823	193,523	(138,700)
Total Direct	512,805	-	-	512,805	512,805	1,578,948	(1,066,143)
Indirect Costs (Note 3)	76,100	-	-	76,100	76,100	221,052	(144,952)
<b>TOTAL</b>	<b><u>\$588,905</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$588,905</u></b>	<b><u>\$588,905</u></b>	<b><u>\$1,800,000</u></b>	<b><u>\$(1,211,095)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-10-GR-055  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award # S-PMWRA-10-GR-055 - Angola

Period of Performance: May 1, 2010 to April 30, 2011

Total Amount Awarded: \$ 1,254,267

Total Obligated Amount: \$ 1,254,267

Balance Due from (to) USDOS at December 31, 2009	\$ -
Receipts	(500,000)
Eligible Expenditures	<u>1,121,796</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ 621,796</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported				
Equipment	\$ 976,834	\$ -	\$ -	\$ 976,834	\$ 976,834	\$1,100,234	\$(123,400)
Total Direct	976,834	-	-	976,834	976,834	1,100,234	(123,400)
Indirect Costs (Note 3)	<u>144,962</u>	-	-	<u>144,962</u>	<u>144,962</u>	154,033	<u>(9,071)</u>
<b>TOTAL</b>	<b><u>\$1,121,796</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,121,796</u></b>	<b><u>\$1,121,796</u></b>	<b><u>\$1,254,267</u></b>	<b><u>\$(132,471)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-09-GR-004  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award #S-PMWRA-09-GR-004 - Angola

Period of Performance: May 1, 2009 to April 30, 2010

Total Amount Awarded: \$1,426,721

Total Obligated Amount: \$1,426,721

Balance Due from (to) USDOS at December 31, 2009	\$ (393,546)
Receipts	(250,000)
Eligible Expenditures	<u>602,065</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ (41,481)</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	2009 Cumulative	Total Cumulative	Budget	Variance
		Ineligible	Unsupported					
Personnel	\$355,656	\$ -	\$(4,934)	\$350,722	\$523,970	\$ 874,692	\$ 837,012	\$ 37,680
Supplies	61,584	-	-	61,584	41,747	103,331	102,486	845
Other	111,958	-	-	111,958	120,376	232,334	290,434	(58,100)
Total Direct	529,198	-	(4,934)	524,264	686,093	1,210,357	1,229,932	(19,575)
Indirect Costs (Note 3)	78,533	-	(732)	77,801	97,082	174,883	196,789	(21,906)
<b>TOTAL</b>	<b><u>\$607,731</u></b>	<b><u>\$ -</u></b>	<b><u>\$(5,666)</u></b>	<b><u>\$602,065</u></b>	<b><u>\$783,175</u></b>	<b><u>\$1,385,240</u></b>	<b><u>\$1,426,721</u></b>	<b><u>\$(41,481)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-10-GR-073  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award #S-PMWRA-10-GR-073 - Jordan

Period of Performance: July 1, 2010 to June 30, 2011

Total Amount Awarded: \$ 1,000,000

Total Obligated Amount: \$ 1,000,000

Balance Due from (to) USDOS at December 31, 2009	\$ -
Receipts	(500,000)
Eligible Expenditures	<u>463,943</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ (36,057)</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported				
Personnel	\$171,988	\$ -	\$ -	\$171,988	\$171,988	\$ 459,467	\$(287,479)
Travel	3,019	-	-	3,019	3,019	19,300	(16,281)
Equipment	171,903	-	-	171,903	171,903	231,790	(59,887)
Supplies	5,518	-	-	5,518	5,518	88,743	(83,225)
Other	51,563	-	-	51,563	51,563	77,893	(26,330)
Total Direct	403,991	-	-	403,991	403,991	877,193	(473,202)
Indirect Costs (Note 3)	59,952	-	-	59,952	59,952	122,807	(62,855)
<b>TOTAL</b>	<b><u>\$463,943</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$463,943</u></b>	<b><u>\$463,943</u></b>	<b><u>\$1,000,000</u></b>	<b><u>\$(536,057)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-10-GR-068  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award #S-PMWRA-10-GR-068 - Iraq

Period of Performance: June 1, 2010 to July 31, 2011

Total Amount Awarded: \$ 1,230,000

Total Obligated Amount: \$ 1,230,000

Balance Due from (to) USDOS at December 31, 2009	\$ -
Receipts	(700,000)
Eligible Expenditures	<u>339,353</u>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$(360,647)</u></b>

	Actual	Questioned Costs (Note 2)		Total Eligible	Total Cumulative	Budget	Variance
		Ineligible	Unsupported				
Personnel	\$123,526	\$ -	\$ -	\$123,526	\$123,526	\$ 292,700	\$(169,174)
Travel	21,639	-	-	21,639	21,639	40,000	(18,361)
Equipment	54,270	-	-	54,270	54,270	506,407	(452,137)
Supplies	2,243	-	-	2,243	2,243	19,200	(16,957)
Other	93,823	-	-	93,823	93,823	220,640	(126,817)
Total Direct	295,501	-	-	295,501	295,501	1,078,947	(783,446)
Indirect Costs (Note 3)	43,852	-	-	43,852	43,852	151,053	(107,201)
<b>TOTAL</b>	<b><u>\$339,353</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$339,353</u></b>	<b><u>\$339,353</u></b>	<b><u>\$1,230,000</u></b>	<b><u>\$(890,647)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # DFD-G-00-05-00021-00  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Award # DFD-G-00-05-00021-00 - Sudan

Period of Performance: January 1, 2005 to September 30, 2006

Total Amount Awarded: \$7,497,238

Total Obligated Amount: \$7,497,238

Total Cost Share: \$1,459,387

Balance Due from (to) USAID at December 31, 2009	\$ (263,582)
Receipts	-
Eligible Expenditures	-
<b>BALANCE DUE FROM (TO) USAID AT DECEMBER 31, 2010</b>	<b><u>\$ (263,582)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # DFD-G-00-06-00070-00  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Grant # DFD-G-00-06-00070-00 - Sudan

Period of Performance: January 1, 2006 to April 30, 2007

Total Amount Awarded: \$6,509,880

Total Obligated Amount: \$6,509,880

Balance Due from (to) USAID at December 31, 2009	\$ (29,414)
Receipts	-
Eligible Expenditures	-
<b>BALANCE DUE FROM (TO) USAID AT DECEMBER 31, 2010</b>	<b><u>\$ (29,414)</u></b>

## NORWEGIAN PEOPLE'S AID

FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-08-GR-036  
FOR THE YEAR ENDED DECEMBER 31, 2010

## UNITED STATES DEPARTMENT OF STATE

Grant # S-PMWRA-08-GR-036 - Sudan

Period of Performance: June 1, 2008 to May 31, 2009

Total Amount Awarded: \$650,000

Total Obligated Amount: \$650,000

Balance Due from (to) USDOS at December 31, 2009	\$ 8,320
Receipts	-
Eligible Expenditures	-
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ 8,320</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # DFD-G-00-09-00097-00  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Grant # DFD-G-00-09-00097-00 - Sudan

Period of Performance: February 1, 2009 to January 31, 2010

Total Amount Awarded: \$1,494,996

Total Obligated Amount: \$1,494,996

Balance Due from (to) USAID at December 31, 2009	\$ 457,719
Receipts	(494,996)
Eligible Expenditures	<u>          -</u>
<b>BALANCE DUE FROM (TO) USAID AT DECEMBER 31, 2010</b>	<b><u>\$ (37,277)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # DFD-G-00-08-00053-00  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**

Grant # DFD-G-00-08-00053-00 - Sudan

Period of Performance: January 1, 2008 to December 31, 2008

Total Amount Awarded: \$2,997,755

Total Obligated Amount: \$2,997,755

Balance Due from (to) USAID at December 31, 2009	\$ (17,083)
Receipts	-
Eligible Expenditures	-
<b>BALANCE DUE FROM (TO) USAID AT DECEMBER 31, 2010</b>	<b><u>\$ (17,083)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-08-GR-013  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award # S-PMWRA-08-GR-013 - Angola

Period of Performance: May 1, 2008 to April 30, 2009

Total Amount Awarded: \$1,426,721

Total Obligated Amount: \$1,426,721

Balance Due from (to) USDOS at December 31, 2009	\$ (21,715)
Receipts	-
Eligible Expenditures	-
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ (21,715)</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-08-GR-089  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award #S-PMWRA-08-GR-089 - Cambodia

Period of Performance: May 1, 2008 to April 30, 2009

Total Amount Awarded: \$99,976

Total Obligated Amount: \$99,976

Balance Due from (to) USDOS at December 31, 2009:	\$ 14,520
Receipts	-
Eligible Expenditures	-
	<hr/>
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ 14,520</u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-07-GR-077  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award #S-PMWRA-07-GR-077 - Cambodia

Period of Performance: April 27, 2007 to April 30, 2008

Total Amount Awarded: \$99,914

Total Obligated Amount: \$99,914

Cost Share Required: \$132,135

Balance Due from (to) USDOS at December 31, 2009:	\$ (5,951)
Receipts	-
Eligible Expenditures	-
<b>BALANCE DUE FROM (TO) USDOS AT DECEMBER 31, 2010</b>	<b><u><u>\$ (5,951)</u></u></b>

## NORWEGIAN PEOPLE'S AID

**FUND ACCOUNTABILITY STATEMENT FOR GRANT # S-PMWRA-06-GR-056  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**UNITED STATES DEPARTMENT OF STATE**

Award #S-PMWRA-06-GR-056 - Cambodia

Period of Performance: April 1, 2006 to March 31, 2008

Total Amount Awarded: \$38,404

Total Obligated Amount: \$38,404

Balance Due from USDOS at December 31, 2009:	\$ 2,067
Receipts	-
Eligible Expenditures	-
	<hr/>
<b>BALANCE DUE FROM USDOS AT DECEMBER 31, 2010</b>	<b><u>\$ 2,067</u></b>

## NORWEGIAN PEOPLE'S AID

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Norwegian People's Aid (NPA) is a non-governmental organization (NGO) located in Oslo, Norway. NPA is a membership governed organization, which stands on four pillars of equal worth: youth work, health and rescue work, socially targeted work and international work. NPA bases much of its activity on members' voluntary work.

In NPA's national, international youth, and health and rescue work, the following areas are promoted:

- The fight against oppression, poverty and unjust distribution
- The fight against racism and discrimination
- Work for equality and against violence and injustice
- Prevention, voluntary engagement and competence building

##### Basis of presentation -

The accompanying fund accountability statements have been prepared on the accrual basis of accounting and present only the transactions of NPA's program grants and contracts with the United States Government. Accordingly, the fund accountability statements are not intended to present fairly all transactions of NPA taken as a whole.

##### Property and equipment -

NPA's policy is to expense all property and equipment acquired with U.S. Government funding and charge it to the corresponding grant award. Title to the property and equipment vests to NPA in accordance with the standard provisions.

##### Currency valuation -

NPA's financial transactions are recorded using the Norwegian Kroner. NPA's policy is to convert all monthly revenue and expense transactions incurred in foreign currencies using a weighted average; and to convert all foreign currency assets and liabilities at the end of the month using the spot rate on the last day of the month between the Kroner and the foreign currencies.

For purposes of the accompanying fund accountability statements, all revenue and expense transactions have been converted to the United States Dollar using a monthly weighted average methodology between the Kroner and the Dollar.

##### Fund balance -

The amounts reported in the accompanying Fund Accountability Statements as amounts due from (to) the United States Agency for International Development (USAID) and Department of State (USDOS) represent the fund balance of each respective grant award as of December 31, 2010 and 2009.

#### 2. INELIGIBLE AND UNSUPPORTED COSTS

Ineligible costs consist of expenses included in grant expenditures that did not meet certain criteria stipulated in the provisions of the grant awards.

**NORWEGIAN PEOPLE'S AID**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**2. INELIGIBLE AND UNSUPPORTED COSTS (Continued)**

Unsupported costs consist of expenses included in grant expenditures that did not have appropriate documentation to support the expense. Following is a summary, by grant, of the ineligible and unsupported costs:

<b>Award # DFD-G-00-10-00068-00</b>	
<b>Ineligible:</b>	
Seeds and tools	<b>\$ 35,227</b>
<b>Award #S-PMWRA-10-GR-066</b>	
<b>Ineligible:</b>	
Other	\$ 4,000
Indirect (Note 3)	594
	<b>\$ 4,594</b>
<b>Award #S-PMWRA-09-GR-112</b>	
<b>Ineligible:</b>	
Equipment	\$ 8,728
Indirect (Note 3)	1,295
	<b>\$10,023</b>
<b>Award #S-PMWRA-09-GR-004</b>	
<b>Unsupported:</b>	
Equipment	\$ 4,934
Indirect (Note 3)	732
	<b>\$ 5,666</b>

**3. INDIRECT CHARGES**

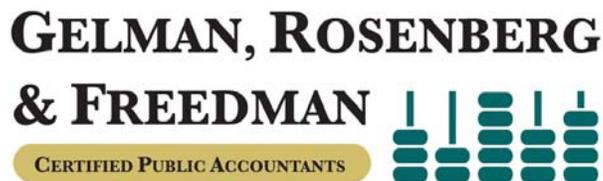
The accompanying indirect charges have been calculated using NPA's actual indirect rates for the year ended December 31, 2010 of 14.84%. On certain grant agreements, the cumulative indirect costs charged exceeded the indirect budget line item as proposed by NPA. However, the formal grant awards stipulated grant budgets by objective rather than by specific line item.

The accompanying fund accountability statements reflect the indirect costs calculated on all costs except the sub-contract amounts.

**NORWEGIAN PEOPLE'S AID**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**4. PRIOR PERIOD ADJUSTMENT - CORRECTION OF AN ERROR**

The balance of the Due From (To) USAID as of December 31, 2009 has been retroactively restated to correct for errors in reporting the actual cash received from the commencement date of the award through December 31, 2009. The effect of the restatement was to reduce the amount reported as Due From (To) USAID by \$4,031,187 as of December 31, 2009.



## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Board of Directors  
Norwegian People's Aid  
Oslo, Norway

We have audited the fund accountability statements of Norwegian People's Aid's (NPA) as of and for the year ended December 31, 2010, and have issued our report thereon dated January 17, 2013. We have also reviewed the separate cost-sharing contributions schedule.

We conducted our audit in accordance with U.S. *Government Auditing Standards*, issued by the Comptroller General of the United States. In planning and performing our audit, we considered NPA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NPA's internal control. Accordingly, we do not express an opinion on the effectiveness of NPA's internal control.

Our consideration of NPA's internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in NPA's internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in NPA's internal control that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in NPA's internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in NPA's internal control, such that there is a reasonable possibility that a material misstatement of NPA's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in NPA's internal control to be material weaknesses:

### MATERIAL WEAKNESSES

Sudan:

- *NPA did not adhere to its established procurement policies and procedures (please refer to our comments titled "Procurement of Seeds" and "Procurement Documentation" in Section IV-Independent Auditors' Report on Findings and Recommendations).*
- *Significant journal entries were made which were not properly supported (please refer to our comment titled "Journal Entries" in Section IV-Independent Auditors' Report on Findings and Recommendations).*

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- *Timesheets were incomplete and there were instances where the amount of salary expense charged to the U.S. Government award did not correspond to the hours indicated on the timesheets (please refer to our comment titled “Timesheets” Section IV-Independent Auditors’ Report on Findings and Recommendations).*
- *Cash Management: bank reconciliations were not properly completed, reviewed or approved and petty cash counts were not properly conducted or accurate (please refer to our comment titled “Cash Management” in Section IV-Independent Auditors’ Report on Findings and Recommendations).*
- *Reporting of Known Fraud: Significant fraud (approximately \$300,000) during the 2011 fiscal year (please refer to our comment titled “Reporting of Known Fraud” in Section IV-Independent Auditors’ Report on Findings and Recommendations).*

Angola:

- *Timesheets were missing or incomplete (please refer to our comment titled “Timesheets” Section IV-Independent Auditors’ Report on Findings and Recommendations).*

Laos:

- *Timesheets were missing or incomplete (please refer to our comment titled “Timesheets” Section IV-Independent Auditors’ Report on Findings and Recommendations).*

Jordan/Iraq:

- *Timesheets were missing or incomplete (please refer to our comment titled “Timesheets” Section IV-Independent Auditors’ Report on Findings and Recommendations).*

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## **SIGNIFICANT DEFICIENCIES**

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance. We consider the following deficiencies in NPA’s internal control to be significant deficiencies:

Sudan:

- *Inventory was not properly controlled (please refer to our comment titled “Control of Inventory” in Section IV-Independent Auditors’ Report on Findings and Recommendations).*
- *Personnel files were incomplete (please refer to our comment titled “Personnel Contracts” in Section IV-Independent Auditors’ Report on Findings and Recommendations).*
- *Financial records were not properly filed and difficult to locate (please refer to our comment titled “Organization of Financial Documents” in Section IV-Independent Auditors’ Report on Findings and Recommendations).*
- *Numerous instances of payment vouchers not properly signed and dated (please refer to our comment titled “Internal Payment Vouchers” in Section IV-Independent Auditors’ Report on Findings and Recommendations).*

Laos:

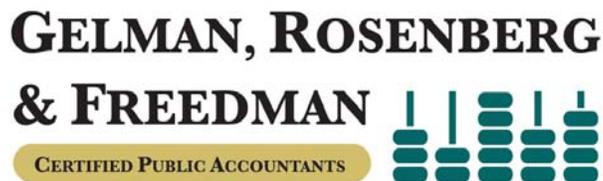
- *Purchase of equipment and vehicles were not properly allocated between donors. (please refer to our comment titled “Purchase Equipment and Vehicles” in Section IV-Independent Auditors’ Report on Findings and Recommendations).*
-

We also noted other matters involving the internal control and its operation that we have reported in a separate letter dated January 17, 2013 (please refer to Section IV-Independent Auditors' Report on Findings and Recommendations).

This report is intended for the information of Norwegian People's Aid and the U.S. Government funding agencies. However, upon release by the funding agencies, this report is a matter of public record and its distribution is not limited.

*Gelman Rosenberg & Freedman*

January 17, 2013



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Board of Directors  
Norwegian People's Aid  
Oslo, Norway

We have audited the fund accountability statements of Norwegian People's Aid (NPA) as of and for the year ended December 31, 2010, and have issued our report thereon dated January 17, 2013. We have also reviewed the separate cost-sharing contributions schedule.

We conducted our audit in accordance with U.S. *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statements are free of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the determination of the fund accountability statements amounts.

Compliance with agreement terms and laws and regulations applicable to NPA is the responsibility of NPA's management. As part of obtaining reasonable assurance about whether the fund accountability statements are free of material misstatement, we performed tests of NPA's compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the fund accountability statements. The results of our audit disclosed the following material instance of noncompliance (please refer to Section IV of our report for management's responses to our findings):

### SUDAN

#### Procurement of Seeds

**Prior Years Condition:** Our audit testwork for the year ended December 31, 2009, noted that NPA did not procure the required seed certificates mandated by the terms and conditions of the USAID awards. We continue to recommend that the individuals responsible for the procurement of seeds be aware of the U.S. Government regulations before procuring the seeds. If it is deemed too difficult to procure the proper certificates, we recommend that the staff responsible for procuring the seeds request a waiver from USAID (this is generally done at the time a proposal is submitted to USAID).

**December 31, 2010 Status:** NPA did not procure the required seed certificates mandated by the terms and conditions of the USAID awards, resulting in a questioned cost to the USAID program of \$35,227. NPA did document its own procedures to have the selected seeds tested. We continue to recommend that the staff responsible for procuring the seeds request a waiver from USAID.

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## Procurement Documentation

**Prior Years Condition:** While we noted improvement in the documentation and adherence with established policies and procedures, we continued to note the following:

- Non-compliance with established NPA procurement policies (i.e. documentation of the fact that there was a proper tender procedure for large purchases (in excess of \$40,000));
- Justification for selection of vendors was not documented.

We strongly recommend that all employees responsible for the procurement of goods and services be reminded of NPA's current procurement policies. All responsible employees should also be reminded of the fact that non-compliance with such policies may put NPA at risk of returning U.S. Government funds, which were used to pay for goods and services for which NPA did not adhere to its procurement policies.

**December 31, 2010 Status:** There was significant improvement with respect to the procurement process based on prior years. However, in certain instances, although bids were attached to the support, the procurement analysis summarizing decision was missing. We also noted that procurement procedures were not followed for one fuel provider; instances where only two bids were provided but the required waiver was either not attached or not filled out; one instance where it appeared procurement should have been completed (over the \$5,000 threshold) but none was available. We continue to recommend that all employees responsible for the procurement of goods and services be reminded of NPA's current procurement policies.

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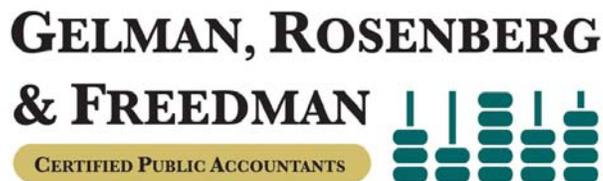
We considered the material instances of noncompliance in forming our opinion on whether NPA's 2010 fund accountability statements are presented fairly, in all material respects, in accordance with the terms of the agreements and in conformity with the basis of accounting described in Note 1 to the fund accountability statements, and this report does not affect our report on the fund accountability statements dated January 17, 2013.

We also noted certain immaterial instances of noncompliance that we have reported to the management of NPA in our report on findings and recommendations dated January 17, 2013 (please refer to Section IV-Independent Auditors' Report on Findings and Recommendations).

This report is intended for the information of Norwegian People's Aid and the U.S. Government funding agencies. However, upon release by the funding agencies, this report is a matter of public record and its distribution is not limited.



January 17, 2013



## INDEPENDENT AUDITORS' REPORT ON FINDINGS AND RECOMMENDATIONS

To the Board of Directors  
Norwegian People's Aid  
Oslo, Norway

In planning and performing our audit of the fund accountability statements of Norwegian People's Aid (NPA) as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered NPA's internal control over financial reporting as a basis for designing our auditing procedures, for the purpose of expressing our opinion on the fund accountability statements, but not for the purpose of expressing an opinion on the effectiveness of NPA's internal control. Accordingly, we do not express an opinion on the effectiveness of NPA's internal control.

Our consideration of NPA's internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in NPA's internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in NPA's internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in NPA's internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in NPA's internal control, such that there is a reasonable possibility that a material misstatement of NPA's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in NPA's internal control to be material weaknesses:

### MATERIAL WEAKNESSES

#### (SUDAN)

##### Procurement of Seeds

**Prior Years Comment:** Our audit testwork over the USAID awards for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 revealed that NPA did not procure the required seed certificates mandated by the terms and conditions of the USAID awards. We continue to recommend that the individuals responsible for the procurement of seeds be aware of the U.S. Government regulations before procuring the seeds. If it is deemed too difficult to procure the proper certificates we recommend that the staff responsible for procuring the seeds request a waiver from USAID (this is generally done at the time a proposal is submitted to USAID).

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**December 31, 2010 Status:** NPA did not procure the required seed certificates mandated by the terms and conditions of the USAID awards, resulting in a questioned cost to the USAID program of \$30,675. NPA did document its own procedures to have the selected seeds tested. We continue to recommend that the staff responsible for procuring the seeds request a waiver from USAID.

**Management Response:** NPA has requested for waivers on seeds purchased locally and indicated that we cannot obtain seed growers certification. Further, for seeds procured from East Africa we have always provided seed certificates. However, as noted above for seeds purchased locally have always provided the required documents indicating quality assurance practices followed in lieu of the certification. The management believes that it has fully complied on this issue.

### Journal Entries

**Prior Years Comment:** Our 2005, 2006, 2007, 2008 and 2009 audit testwork revealed that significant journal entries were made throughout the fiscal years without proper supporting documentation. In addition, the purpose for the entries was generally not well documented. We strongly recommend that all journal entries posted to the general ledger contain a description of why the entries were proposed as well as copies of the original source documentation (i.e. invoices, purchase orders, contracts, etc.) which would support the entries.

**December 31, 2010 Status:** Once again, we noted several correcting or reclassifying entries with no indication of explanation or approval. We also noted one instance where support clearly indicated that vehicle fuel expense which was reclassified to programs were "admin" related, but reclassification was made based on knowledge that the vehicles were actually used for program purposes. No documentation was available to support this determination. We continue to recommend that all adjusting journal entries be reviewed and approved prior to being posted into the general ledger.

**Management Response:** Due to the vastness of the area we are operating in it is not always possible to have all program managers at the head office to physically approve reclassification. Because of this email communication serves as an approval for journal entries supporting reclassification. Management agrees that some of these emails were not attached to the entries. We will ensure that in future this miss is not repeated.

### Timesheets

**Prior Years Comment:** Our examination of the timesheet process during the fiscal year ending December 31, 2009 revealed the following:

- Instances where timesheets were missing (7 out of 92 tested).
- For approximately 25% of our sample of timesheets tested, salary expense recorded in the general ledger did not match the salary expense which should have been recorded in the general ledger based upon the hours recorded on the timesheets.

Accordingly, based upon the aforementioned items, we recommend that all employees be continually reminded of the importance of completing accurate timesheets.

**December 31, 2010 Status:** Our examination of the timesheet process revealed instances where hours recorded did not add across or down on the timesheets; Instances where timesheets did not indicate the programs worked on during the month; Instances where the salary expense recorded in the general ledger did not match the salary expense which should have been recorded in the general ledger based upon the hours recorded on the timesheets; Instances where the salary expense recorded in the general ledger did not agree to the amount reported in the payroll summary; Instances where timesheets were missing. We strongly recommend management continue to focus on this weakness.

**Management Response:** For the first time we did not miss any timesheets, this has been the challenge over the years. We have managed to centralize payroll as of July 2011 which we consider a major milestone which will see an improvement of the quality of timesheets. In October 2011 we started to send timesheets out on a monthly basis to Program managers to verify all info regarding coding, signatures, and the hours charged. Human Resource and Finance had one day comprehensive training in December 2011 on timesheets and coding. We have started seeing good progress and improvement on this area in the recent past.

## Procurement Documentation

**Prior Years Comment:** As a result of our audit testwork over NPA-Sudan's procurement process we noted the following deficiencies:

- Non-compliance with established NPA procurement policies (including the receipt of bids and the review and acceptance by procurement committee);
- Sole source justification was not documented;
- Justification for selection of vendors was not documented.

We strongly recommend that all employees responsible for the procurement of goods and services be reminded of NPA's current procurement policies. All responsible employees should also be reminded of the fact that non-compliance with such policies may put Norwegian People's Aid at risk of returning U.S. Government funds, which were used to pay for goods and services for which Norwegian People's Aid did not adhere to its procurement policies.

**December 31, 2009 Status:** Although, we noted improvement in the documentation and adherence with established policies and procedures, documentation of the vendor selection process could be improved. Each procurement analysis should include a memo stating the reason why a particular vendor was selected. In addition, for large purchases (in excess of \$40,000), NPA-Sudan should document that a tender notice was published, as required by NPA's current procurement policy.

**December 31, 2010 Status:** There was significant improvement with respect to the procurement process based on prior years. However, in certain instances, although bids were attached to the support, the procurement analysis summarizing decision was missing. We also noted that procurement procedures were not followed for one fuel provider; instances where only two bids were provided but the required waiver was either not attached or not filled out; one instance where it appeared procurement should have been completed (over the \$5,000 threshold) but none was available.

We continue to recommend that all employees responsible for the procurement of goods and services be reminded of NPA's current procurement policies.

**Management Response:** We will continue to work on this area to endure fully compliance with procurement policies. The mentioned instances, is majorly occurred not that due process was not followed but all the necessary documents were not attached to the voucher. We have conducted two workshops in 2011 whereby we had a review of procurement policies and emphasized strict adherence to them and proper documentation.

## Partner and Sub-Recipient Monitoring

**December 31, 2009 Comment:** We noted that partner reporting is not timely, resulting in September 2008 advances not being cleared from NPA books until June of 2010. In addition, none of the four partners tested during fiscal 2009 received a site visit in either 2008 or 2009. We strongly recommend that if NPA continues to work with partner organizations in the future, site visits must be more timely (quarterly is recommended) and the documentation of such visits is crucial to documenting that NPA-Sudan is properly monitoring its partners.

**December 31, 2010 Status:** There were no significant sub-recipient transactions during the fiscal year 2010. Accordingly, we consider this comment to be cleared.

## Cash Management

**Prior Years Comment:** Based on our audit testwork conducted in Yei, South Sudan, we noted bank reconciliations and petty cash counts were not properly prepared and reviewed.

**December 31, 2010 Status:** Based on our review of the December bank and imprest cash reconciliations, we noted five bank reconciliations which include several reconciling items which were posted by the bank but not by NPA. In each of the cases, the transactions occurred during the year, but remained on the bank reconciliation at December 31, 2010. We also noted certain reconciliations or cash counts which were either not signed by the preparer.

**Management Response:** The open reconciling items posted by bank were banker's cheques which were never paid out majorly because central bank had changed regulation on cheque thresholds, so we had to do a bank transfer. The process of getting the money credited back to our account was lengthy, that we closed the year before this was affected. All, these items cleared in 2011. On reconciliations not signed, this happens when we have things which need to be clarified from the field. We only sign when we are satisfied with the status of the reconciliation.

### **Reporting of Known Fraud**

**December 31, 2010 Comment and Recommendation:** Based upon discussions with management of the NPA-South Sudan office, we were informed that the office incurred significant fraud (approximately \$300,000) during the 2011 fiscal year. The embezzlement of funds was the result of payments made to fictitious vendors not detected due to the fact that there was a change in banking systems used by the NPA-South Sudan office as well as the fact that the bank accounts were not reconciled in a timely manner (please refer to our comment titled "Cash Management" below for additional information). While we believe that proper procedures have been put in place as a result of discovering the fraudulent activity, we strongly recommend that management adhere to the controls over cash as dictated by NPA policies and procedures.

It should also be noted that none of the charges resulting from the fraudulent activity were charged to any donor programs.

### **(ANGOLA)**

#### **Timesheets**

**Prior Years Comment:** Our 2007, 2008 and 2009 audit work revealed that timesheets have been revised to document all hours worked. However, our audit work disclosed the following:

- Missing timesheets.
- Timesheets missing employee signature.
- Timesheets missing supervisor signature.

Based upon the aforementioned items, we recommend the following:

- The finance and HR departments should be more diligent in their review of the timesheets, thus, ensuring that all employees have completed their monthly timesheets.
- All timesheets should be signed and dated by the employees and the employees' supervisor, thus, indicating a proper review and approval of the timesheets.

**December 31, 2010 Status:** Our audit work continued to reveal instances of missing timesheets as well as instances where the salary expense recorded in the general ledger did not match the salary expense which should have been recorded based upon the hours recorded on the timesheets.

**Management Response:** We have continued our work to improve the quality of the timesheets and will ensure that all timesheets are present, properly signed by the employees and the supervisor. In addition, all allocations will be reviewed to ensure salary expense is properly allocated based upon time reported on the timesheets.

### **(LAOS)**

#### **Timesheets (Vietnam Office)**

**December 31, 2010 Comment:** Our audit work over the payroll cycle Vietnam program revealed that the timesheets that the employees completed did not indicate the program that the employees were working on during the month.

**Criteria:** U.S. government regulations require that all employees working on U.S. funded programs maintain daily time reports which detail the programs on which the employee worked.

**Questioned Costs:** Undetermined

**Context, Effect and Cause:** Without maintaining daily activity reports for all employees in the field, it is possible that salary expense charged to U.S. Government awards may be overstated or understated.

**Recommendation:** Due to the fact that the Vietnam program is funded by the USDOS and the Norwegian Government (MFA), we strongly recommend that the timesheets be amended so that all donors are designated on the timesheets and that the employees are instructed to complete the timesheets indicating which donor programs on which they worked.

**Management Response:** Revised template identifying grant/s and percentage share will be implemented per July 2011.

### (JORDAN AND IRAQ)

#### Timesheets (Expatriates)

**December 31, 2010 Comment:** Our audit work over the payroll cycle for the Jordan and Iraq USDOS awards revealed that certain expats working under the Jordan award did not complete monthly timesheets and that one employee working under the Iraq award did not sign his monthly timesheets (however, the employee's timesheets were signed by the employee's supervisor).

**Criteria:** U.S. Government regulations require that all employees working on U.S. funded programs maintain daily time reports which detail the programs on which the employee worked.

**Questioned Costs:** Undetermined

**Context, Effect and Cause:** Without maintaining daily activity reports for all employees in the field, it is possible that salary expense charged to U.S. Government awards may be overstated or understated.

**Recommendation:** We strongly recommend that all employees working under U.S. Government awards be reminded of the requirement to properly complete monthly timesheets. In addition, all timesheets should be signed and dated by the employees upon submission.

**Management Response:** NPA will do its best to avoid similar cases in the future.

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### SIGNIFICANT DEFICIENCIES

A significant deficiency is a deficiency, or a combination of deficiencies, in NPA's internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in NPA's internal control to be significant deficiencies:

#### (SUDAN)

##### Control of Inventory

**Prior Years Comment:** Our review of various inventory cycles and related controls revealed the following:

- Certain inventory stores lacked bin control cards (general equipment store).
- Certain inventory stores lacked up to date inventory lists (medical supplies) or the inventory list did not exist (vehicles parts, general equipment store).
- Unit costs were not clearly documented on inventory lists or related inventory documents.

- The inventory process lacked identification numbers and proper documentation supporting distribution and use of inventory. Issue notes or inventory distributions reports filed by team did not clearly identify the items issued from any store. Vehicle spare parts were identified on vehicle job cards, however lacked the part number related to the bin cards.
- Inventory lists are not reviewed by management on a regular basis.

Subpart C of Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutes of Higher Education, Hospitals, and Other Non-Profit Organizations," requires that recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include but not be limited to the following:

- (1) Equipment records shall be maintained accurately and shall include the following information.
  - (i) A description of the equipment.
  - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
  - (iii) Source of the equipment, including the award number.
  - (iv) Whether title vests in the recipient or the Federal government.
  - (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
  - (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal government).
  - (vii) Location and condition of the equipment and the date the information was reported.
  - (viii) Unit acquisition cost.
  - (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where recipient compensates the Federal awarding agency for its share.
- (2) Equipment owned by the Federal government shall be identified to indicate Federal ownership.
- (3) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years (we strongly recommend annually). Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.
- (4) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal government, the recipient shall promptly notify the Federal awarding agency.
- (5) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
- (6) Where the recipient is authorized or required to sell the equipment, proper sales procedures shall be established which provide for competition to the extent practicable and result in the highest possible return.

**December 31, 2008 and 2009 Status:** During our audit testwork for the years ended December 31, 2008 and 2009, we noted improvement over the control of inventory and corresponding records. However, we believe additional attention is required in this area. We recommend management continue to monitor the progress over the control of inventory.

**December 31, 2010 Status:** During our review of the Juba office inventory records, we noted that the inventory lists were incomplete. We were unable to find the majority of the IT equipment selected in the Juba office. We strongly recommend management continue to focus on this area.

**Management Response:** Inventory list have been received from all locations. Physical checks are ongoing since we have started field visit on regular basis. We will continue to work on this area to ensure that we are updated.

### **Personnel Contracts**

**Prior Years Comment:** Our audit testwork over payroll revealed that certain personnel files were not complete and up-to-date. We recommend that management review all personnel files to ensure that all employee contracts are current and up-to-date.

**December 31, 2010 Status:** We noted two instances of missing contracts. In addition, we noted three instances where the amount of money paid to the employee did not agree to the amount in the employees' contract. We continue to recommend management focus on this area.

**Management Response:** We are not aware of any contracts missing or any case where the amount paid is not tying to the contract.

### **Organization of Financial Documents**

**Prior Years Comment:** Our audit revealed that the field office financial records pertaining to fiscal years 2006 2007, 2008 and 2009 were not filed in a consistent manner and at times were difficult to locate. We strongly recommend that the members of the finance and accounting department be more diligent in the filing of the documents which support the accounting transactions for the South Sudan programs.

**December 31, 2010 Status:** We again concluded that financial records were not filed in a consistent manner. We believe management should review the current voucher numbering system to assess if any improvement can be made to assist the audit trail.

**Management Response:** Our filing is consistent, but since we have to re-organize the vouchers according to audit samples and transport them from Yei to Juba for audit the order is always interrupted. Nevertheless, we are always able to provide all requested files.

### **Internal Payment Vouchers**

**Prior Years Comment:** During the course of our 2006, 2007, 2008 and 2009 audit, we noted numerous instances in which Norwegian People's Aid's internal payment vouchers were not signed and dated indicating approval.

We strongly suggest that all payment vouchers be signed and dated by the appropriate individuals indicating approval for payment. In addition, we recommend that members of the accounting department be notified that payments are not to be processed until a signed and dated payment voucher is received by the accounting department.

**December 31, 2010 Status:** We noted instances where signature areas required based on thresholds described on the payment authorization form were blank, purportedly because the payment was made in a remote field office where the required signer position does not exist. Payment authorization forms should be tailored to avoid the appearance that NPA is not complying with their approval requirements.

We also noted that in many cases no payment authorization form was attached to the supporting documentation. Per discussion with the client this was due to NPA Sudan's decision that it is not necessary to attach a payment authorization form when an approved purchase order is present. We recommend that a payment authorization form be attached to each disbursement.

In addition, we noted numerous instances where the general ledger coding (functional and or program) was not noted on the payment authorization form, purchase order, or supporting documentation. We recommend that all disbursements include general ledger coding.

**Management Response:** NPA Sudan has two payment authorization forms one used by Juba head office where major payments take place. This form has to be signed by four people. Another one is used in the field for imprest accounting with two signatures.

The mentioned incident is where staff was transferred from Juba to the field and kept using the HO (Juba) form. This makes it look as if it is missing signatures. The management is working on ensuring that right templates are used where necessary.

On the recommendation of having payment authorization form on top of fully approved LPO management will consider this and implement if it is absolutely necessary.

## (LAOS)

### Purchase of Equipment and Vehicles

**December 31, 2010 Comment:** During our audit work we noted that the purchase of equipment and vehicles was not properly allocated between donors. In fact, we noted that in one case a deposit for 50% of the cost of the equipment was charged to one donor and the second 50% payment was charged to a different donor. In addition, we noted that two vehicles were purchased and the cost of one vehicle was to be charged to each donor, however, the amounts charged to the donors were not split evenly, resulting in a questioned cost to the USDOS program of \$8,728.

**Criteria:** 22 CFR 226 Subpart C Section 21 "Standards for Financial Management Systems" requires recipients of Federal funds to establish financial management systems that will ensure effective control over and accountability for all funds, property and other assets.

**Questioned Costs:** \$10,023 (including indirect costs on the direct costs of \$1,295) under award #S-PMWRA-09-GR-112.

**Context, Effect and Cause:** Lack of critical internal controls increase risk associated with financial management, and the potential for the misappropriation of funds.

**Recommendation:** We recommend that the management of the NPA-Laos office implement procedures to ensure that the purchase of all equipment and vehicles is properly identified and the costs are then charged to the proper donor based upon the specific equipment or vehicle purchased.

**Management Response:** None of these incidents are in compliance with NPA policies, as we are aware of the impossible distribution of one asset to multiple donors. The IT equipment purchased in Vietnam should have been split by 50/50% sharing of cost by allocating only complete objects to the various grants. The vehicle purchase in Laos we will reallocated according to the recommendation. We agree with the comment and will ensure compliance with policies in the future.

## OTHER AREAS OF CONCERN

In addition to the aforementioned material weaknesses and significant deficiencies, we noted other areas of concern, that while not considered material weaknesses or significant deficiencies, we believe merit the attention of those charged with governance:

### (SUDAN)

#### Reconciliation and Reporting of Employee Travel Advances

**December 31, 2009 Comment:** Our 2009 audit work revealed that employee travel advances are not properly reconciled on a monthly basis. In addition, our audit work revealed that the NPA-Sudan office does not currently have forms in place to request travel advances or for the clearance of such advances upon completion of travel. We also noted instances in which advances were given in one currency and the clearance of the advance was submitted in a different currency without explanation as to how the receipts related to the claimed expenses or how the exchange rate used was calculated. Based upon the aforementioned, we recommend that NPA-Sudan adopt and implement forms for all employees to use when requesting travel advances and when submitting the expenses which would clear the advances. All forms should require signatures by the employee and the employee's supervisor which would attest to the appropriateness and truthfulness of reporting.

We also strongly recommend that the finance department ensure that all employee travel advances are reconciled on a monthly basis and that employees with outstanding advances be notified of such balances each month.

**December 31, 2010 Status:** According to the Finance Controller, a travel advance and reimbursement form will be completed and implemented in 2011.

**Management Response:** The NPA-Sudan office has implemented forms for all employees to use when requesting travel advances and when submitting the expenses which then will clear the advances. All employee travel advances are being reconciled on a monthly basis. Employees with outstanding travel advances are getting deducted from payroll.

#### Classification of Expenses

**Prior Years Comment:** Our audit testwork for 2005, 2006, 2007, 2008 and 2009 revealed instances where similar transactions were posted to different accounts within the general ledger. We recommend that the accounting staff be more diligent in their classification and posting of expenses within the general ledger.

**December 31, 2010 Status:** Our audit testwork for 2010 again noted instances where similar transactions were posted to different accounts within the general ledger. Our prior year recommendation is repeated.

**Management Response:** NPA carried out extensive training for all accounting and field budget holders on classes of costs and coding in March 2011. We have also developed a toolkit for coding which is circulated to all staff all staff. The toolkit is updated many times as necessary and shared out.

#### Submission of Quarterly Financial Reports

**Prior Years Comment:** Our audit testwork disclosed instances in which Norwegian People's Aid did not submit quarterly financial reports by the deadlines stipulated in the grant agreements. We recommend Norwegian People's Aid submit all financial reports by the required due dates in accordance with U.S. Government regulations.

**December 31, 2010 Status:** Quarterly financial reports were submitted by the deadlines stipulated in the grant agreements.

## (ANGOLA)

### Bank Reconciliations

**Prior Years Comment:** Our audit testwork once again revealed that the bank reconciliations were not prepared in a timely manner. We continue to recommend that all bank reconciliations be prepared monthly in a timely manner (within five days after receiving the bank statement) so that any discrepancies can be identified in a timely manner.

**December 31, 2010 Status:** Our testwork noted the bank reconciliations are being prepared in a timely manner. In general the reconciliations are signed by the person who prepared them and the reviewer; however, we noted instances where the reconciliation was not signed by the reviewer. We continue to recommend all reconciliations be signed by the reviewer as part of proper internal controls.

**Management Response:** The instances of lack of signatures were caused by the fact that the former Finance Manager left the position before the new Finance Manager came to Angola.

### Conflict-of-Interest Statements

**Prior Years Comment:** Our audits disclosed that employees at the NPA-Angola office do not complete conflict-of-interest statements. We believe that best practices within the International NGO community places great emphasis on the completion of annual conflict-of-interest statements by all employees.

Accordingly, we recommend that all employees at the NPA-Angola office complete conflict-of-interest statements. In addition, due to the fact that relationships change over time, we believe that all employees should complete conflict-of-interest statements on an annual basis. We also recommend that the Human Resource (HR) Director summarize all conflicts, if any, and distribute the list to those personnel involved in either the procurement or payment for goods and services.

**December 31, 2010 Status:** There was no action taken with respect to our comment during 2009. Accordingly, we continue to recommend that conflict-of-interest statements be completed by all employees on an annual basis.

**Management Response:** We agree with the auditors comment and the Headquarters Office (HO) has issued new guidelines and templates in respect of conflict of interest which will be implemented as soon as possible. All new employees will sign the conflict of interest statement and present employees at renewal of contracts. HO is entering into a program of training within this area and other related issues and will ensure compliance by end of 2012.

### Request of Funds

**Prior Years Comment:** NPA-Angola does not prepare a formal request for funds to be transferred from the home office to Angola. We recommend considering the preparation of a formal request and documentation to support this request.

**December 31, 2010 Status:** Late 2010, NPA – Angola prepared and utilized a formal request for funds process.

### Whistleblower Policy

**Prior Years Comment:** NPA-Angola does not have a clearly documented whistleblower policy that is disseminated to staff. We recommend NPA-Angola develop and train staff on this policy.

**December 31, 2010 Status:** There was no status taken during 2010, however, management has drafted a comprehensive policy and it is expected to be disseminated to all staff in 2011.

**Management Response:** Management agrees, and our expectation is to issue the policy to all staff in the second half of the 2011 fiscal year.

## (LAOS)

### Conflict-of-Interest Statements

**December 31, 2009 and 2010 Comment:** At the present time, employees at the NPA-Laos office do not complete conflict-of-interest statements. We believe that best practices within the International NGO community places great emphasis on the completion of annual conflict-of-interest statements by all employees. We recommend that all employees at the NPA-Laos office complete conflict-of-interest statements. In addition, due to the fact that relationships change over time, we believe that all employees should complete conflict-of-interest statements on an annual basis. We also recommend that the Human Resource (HR) Director summarize all conflicts, if any, and distribute the list to those personnel involved in either the procurement or payment for goods and services

**Management Response:** We agree with the auditors comment and the Headquarters Office (HO) has issued new guidelines and templates in respect of conflict of interest which will be implemented as soon as possible. All new employees will sign the conflict of interest statement and present employees at renewal of contracts. HO is entering into a program of training within this area and other related issues and will ensure compliance by end of 2012.

### Timely Remittance of Tax Payments

**December 31, 2009 and 2010 Comment:** The 2009 statutory audit conducted by an independent audit firm revealed that during 2009, the NPA-Laos office did not remit the monthly tax payments in a timely manner (in compliance with Lao law). Based upon our discussions with management of the NPA-Laos office we understand that the tax payments have been made on a timely basis during the 2011 fiscal year, however, we recommend that management of NPA-Laos implement policies and procedures which would ensure that the finance department has remitted the monthly tax payments by the required due dates.

**Management Response:** During fiscal 2011, NPA-Laos has remitted withheld tax to the revenue authorities on a timely basis and will continue to do so.

### Documentation of Air Travel

**December 31, 2010 Comment:** Our audit testwork revealed several instances where airline tickets were purchased and charged to both the Laos and Vietnam United States Department of State (USDOS) grant awards, however, proof of flight was not available for inspection.

**Criteria:** 22 CFR 226 Subpart C Section 21 "Standards for Financial Management Systems" requires recipients of Federal funds to establish financial management systems that will ensure effective control over and accountability for all funds, property and other assets.

**Questioned Costs:** None noted

**Context, Effect and Cause:** Lack of critical internal controls increase risk associated with financial management, and the potential for the misappropriation of funds.

**Recommendation:** While the majority of the flights were purchased from a local travel agent for local flights, we recommend that, if possible, all employees who travel be required to submit proof of travel (i.e. boarding passes or cancelled tickets) to the finance office upon completion of the trip.

**Management Response:** NPA policies require boarding pass in original attached to travel claims as proof of actual travel being completed. We will send reminder to our staff and intensify control upon return from travels.

## **Adherence to NPA Policies and Procedures**

**December 31, 2010 Comment:** The 2010 statutory audit conducted by an independent audit firm revealed that during 2010, management of the NPA-Laos office did not adhere to NPA's established policies with respect to the counting of petty cash every 14 days or the timely clearance of travel advances.

**Criteria:** 22 CFR 226 Subpart C Section 21 "Standards for Financial Management Systems" requires recipients of Federal funds to establish financial management systems that will ensure effective control over and accountability for all funds, property and other assets.

**Questioned Costs:** None noted.

**Context, Effect and Cause:** Noncompliance with the established policies and procedures could result in misappropriation of funds or disallowed costs.

**Recommendation:** While we noted improvement during the 2011 fiscal year, we recommend that management of the NPA-Laos office continue to follow-up on the findings identified by the independent audit firm to ensure compliance with NPA's established policies.

**Management Response:** Bi monthly cash counting is standard procedure for both the country office in Vientiane and the field offices. We have not experienced deviations from the policies in 2011. During field visit to Vietnam by the RFM (Regional Finance Manager) late May 2011 we experienced that similar policy is implemented and adhered to by the Vietnam operations

## **(GEORGIA)**

### **Travel Documentation**

**December 31, 2009 and 2010 Comment:** Our audit revealed instances where documentation to support the travel expenses (i.e. boarding passes or used plane tickets) was missing. We strongly recommend that all employees of NPA-Georgia be reminded of the importance of providing documentation to support the actual travel costs at the conclusion of their travel.

**Management Response:** NPA endeavors at all times to comply with the guidelines in respect of documented travel, but unfortunately, we have had instances on non-compliance by not having adequate supporting documents. It is the responsibility of the line manager and the accounting staff to ensure adequate documentation is received and accountancy staff has been told not to pay the expense without the proper documentation.

While we have seen great improvements, there are continuing issues which need to be addressed; the latest audit showing instances of boarding passes or ticket stubs missing from the supporting documentation, which will be rectified in the fiscal 2011. Please note that the issue stems mainly from the issuance of electronic air tickets.

### **Conflict-of-Interest Statements**

**December 31, 2009 and 2010 Comment:** At the present time, employees at the NPA-Georgia office do not complete conflict-of-interest statements. We believe that best practices within the International NGO community places great emphasis on the completion of annual conflict-of-interest statements by all employees. We recommend that all employees at the NPA-Georgia offices complete conflict-of-interest statements. In addition, due to the fact that relationships change over time, we believe that all employees should complete conflict-of-interest statements on an annual basis. We also recommend that the Human Resource (HR) Director summarize all conflicts, if any, and distribute the list to those personnel involved in either the procurement or payment for goods and services.

**Management Response:** We agree with the auditors comment and the Headquarters Office (HO) has issued new guidelines and templates in respect of conflict of interest which will be implemented as soon as possible. All new employees will sign the conflict of interest statement and present employees at renewal of contracts. HO is entering into a program of training within this area and other related issues and will ensure compliance by end of 2012.

## **(JORDAN AND IRAQ)**

### **Conflict-of-Interest Statements**

**December 31, 2010 Comment:** At the present time, employees at the NPA-Amman and NPA-Basra office do not complete conflict-of-interest statements. We believe that best practices within the International NGO community places great emphasis on the completion of annual conflict-of-interest statements by all employees.

**Criteria:** 22 CFR 226 Subpart C Section 21 "Standards for Financial Management Systems" requires recipients of Federal funds to establish financial management systems that will ensure effective control over and accountability for all funds, property and other assets.

**Questioned Costs:** None noted

**Context, Effect and Cause:** The purposes of completing conflict-of-interest statements are to ensure the objectivity and integrity of the work of NPA and its staff members. An effective conflict-of-interest policy helps ensure NPA's compliance with federal and best practices relating to conflicts of interest.

**Recommendation:** We recommend that all employees at the Amman office, Basra office and those employees responsible for purchasing or paying invoices at the sub-offices complete conflict-of-interest statements. In addition, due to the fact that relationships change over time, we believe that all of the aforementioned employees should complete conflict-of-interest statements on an annual basis. We also recommend that the Human Resource (HR) Director summarize all conflicts, if any, and distribute the list to those personnel involved in either the procurement or payment for goods and services.

**Management Response:** NPA's Code of Conduct, which is signed by all our staff, and our Procurement guidelines cover similar issues as a Conflict of Interest Statement. As recommended by the auditor, we will create a Conflict of Interest Statement and have it signed by relevant staff on an annual basis.

### **Documentation of Air Travel**

**December 31, 2010 Comment:** Our audit testwork revealed several instances where airline tickets were purchased and charged to both the Jordan and Iraq United States Department of State (USDOS) grant awards, however, proof of flight was not available for inspection.

**Criteria:** 22 CFR 226 Subpart C Section 21 "Standards for Financial Management Systems" requires recipients of Federal funds to establish financial management systems that will ensure effective control over and accountability for all funds, property and other assets.

**Questioned Costs:** None noted

**Context, Effect and Cause** Lack of critical internal controls increase risk associated with financial management, and the potential for the misappropriation of funds.

**Recommendation:** While the majority of the flights were purchased from a local travel agent for flights between Amman and Basra, we recommend that, if possible, all employees who travel be required to submit proof of travel (i.e. boarding passes or cancelled tickets) to the finance office upon completion of the trip.

**Management Response:** This will be implemented from 2011.

This report is intended for the information of Norwegian People's Aid and the U.S. Government funding agencies. However, upon release by the funding agencies, this report is a matter of public record and its distribution is not limited.

*Gelman Rosenberg & Freedman*

January 17, 2013

**COST-SHARING SCHEDULE**

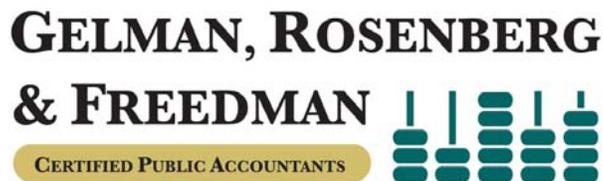
**NORWEGIAN PEOPLE'S AID  
UNITED STATES GOVERNMENT PROGRAMS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**NORWEGIAN PEOPLE'S AID**

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**INDEPENDENT AUDITORS' REVIEW REPORT  
ON THE COST-SHARING SCHEDULE**

To the Board of Directors  
Norwegian People's Aid  
Oslo, Norway

To the Management  
Norwegian People's Aid – South Sudan  
Juba, South Sudan

We have reviewed the accompanying cost-sharing schedule of Norwegian People's Aid (NPA) for the year ended December 31, 2010. Our review was conducted in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). The purpose of our review was to determine if the cost-sharing schedule is fairly presented in accordance with the basis of accounting described in the accompanying Note to Cost-Sharing Schedule and to determine if the cost-sharing contributions were provided in accordance with the terms of the agreement. We also considered NPA's internal control related to the provision of and accounting for cost-sharing contributions.

A review consists principally of inquiries of recipient personnel and analytical procedures applied to financial data. It is substantially more limited in scope than an examination, the objective of which is to express an opinion on the cost-sharing schedule. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that NPA 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. Furthermore, nothing came to our attention that causes us to believe that NPA has not provided and accounted for cost-sharing contributions, in all material respects, in accordance with the terms of agreement.

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This report is intended for the information of Norwegian People's Aid and the U.S. Government funding agencies. However, upon release by the funding agencies, this report is a matter of public record and its distribution is not limited.

January 17, 2013

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**NORWEGIAN PEOPLE'S AID**  
**COST-SHARING SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010		Total Eligible	2009 Cumulative	Total Cumulative	Budget	Variance
	Actual	Ineligible Unsupported					
CASH: USAID #FFP- A-00-04-00021-00	\$3,723,779	\$ -	\$3,723,779	\$556,643	\$4,280,422	\$4,280,422	\$ -

**NORWEGIAN PEOPLE'S AID**  
**NOTE TO COST-SHARING SCHEDULE**  
**DECEMBER 31, 2010**

**1. BASIS OF PRESENTATION**

The accompanying cost-sharing schedule has been prepared on the accrual basis of accounting, and presents only the transactions of Norwegian People's Aid's cost-sharing grants applicable to the requirements of certain United States Agency for International Development awards. Accordingly, the cost-sharing schedule is not intended to present fairly all transactions of Norwegian People's Aid as a whole.

**NORWEGIAN PEOPLE'S AID  
UNITED STATES GOVERNMENT PROGRAMS**

**REPORT ON  
INDIRECT RATE CALCULATION**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

# NORWEGIAN PEOPLE'S AID

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## ***Report on Schedule of Computation of Indirect Cost Rate***

The Board of Directors  
Norwegian People's Aid  
P.O.Box 8844 Youngstorget  
N-0028 Oslo  
Norway

We audited the financial statements for Norwegian People's Aid for the year ended 31 December 2010. Our audit of the financial statements of Norwegian People's Aid, prepared in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, for the year ended 31 December 2010 was performed for the purpose of forming an opinion on the basic financial statements taken as a whole.

The attached schedule of computation of indirect cost rate for 2010 is presented for the purpose of additional analysis and is based on, but not a required part of, the audited basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing.

Oslo, 28 November 2011  
KPMG AS

Asbjørn Næss  
*State Authorised Public Accountant*

Offices in

Oslø	Haugesund	Sandefjord
Bødø	Kristiansbnd	Sendhoosjøen
Alta	Lervik	Stavanger
Arandel	Lillehammer	Stord
Børgen	Mn i Rana	Tromsø
Clvarum	Molde	Trondheim
Finnsnes	Narvik	Tønsberg
Hørner	Røros	Ålesund

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Statautoriserede revisorer - medlemmer av Den norske Revisorforening



Norsk Folkehjelp

All numbers are in NOK

Schedule of computation of Indirect cost rate

For the year ended december 2010

Note	Description	Expenses	Exclusions/ Unallowable		Direct Cost Base	Indirect Cost Pool
			Expences			
	Bad debt expence	0,77	5 781 795	5 781 795	5 781 795	
	Depreciation	0,51	3 817 432		846 634	2 970 799
Note 1	Employee moral, health and welfare	1,49	11 139 770		9 577 403	1 562 368
Note 2	Entertainment	0,06	474 177	474 177	474 177	
	Equipment rental	0,38	2 875 919		2 450 176	425 742
	Equipment/ capex - non depreciation	6,03	45 115 589		43 108 141	2 007 448
	Fringe benefits (Employee benefits)	2,78	20 837 446	938 505	18 216 020	2 621 426
	Fund raising	5,54	41 492 518	41 492 518	41 492 518	
	Insurance	0,13	1 007 919		872 755	135 163
Note 3	Materials & supplies	6,09	45 592 546		44 624 740	967 806
	Occupancy & cleaning	5,39	40 355 504		37 344 218	3 011 286
	Office supplies	0,51	3 843 084		2 560 264	1 282 820
	Postage, shipping & transport	0,56	4 213 610		3 682 891	530 719
	Printing & duplicating	0,62	4 636 204		3 655 239	980 965
Note 4	Professional expences	3,07	22 967 628		17 408 558	5 559 070
Note 5	Recruitment	0,12	888 324		207 480	680 844
Note 6	Repairs & maintenance	2,53	18 963 784		15 893 227	3 070 557
	Salaries & wages	34,26	256 376 083		195 165 138	61 210 945
Note 7	Sub contractors	22,79	170 568 386		170 568 386	
	Telephone	1,02	7 620 747		5 177 041	2 443 706
	Training & education	1,68	12 549 515	200 000	11 298 178	1 251 336
	Travel	3,49	26 151 640		20 921 901	5 229 739
	Miscellaneous	0,14	1 027 013		262 436	764 577
	<b>Total applicable Nicra cost</b>		<b>748 296 633</b>	<b>48 886 994</b>	<b>651 589 317</b>	<b>96 707 316</b>
Note 8	Redundant costs not applicable to Nicra		96 506 155			
Note 9	Exclusion of USAID Grants with no NICRA allocation		28 455 196			
	<b>Total cost transparant to the Year End Statement</b>		<b>873 257 984</b>			

Indirect cost rate calculation			
Indirect Cost	=	96 707 316	=
Direct cost base		651 589 317	
			14,84 %

Oslo, the 9. th of November 2011, CFO Heidi Lombnes

*Heidi Lombnes*

## **NOTES TO THE NICRA MODEL 2010**

### **Note 1: Employee, moral, health and welfare costs and credits**

The major costs are regarding expenses to health and first aid clinics, plus social gatherings improving employer – employee relations.

### **Note 2: Entertainment**

Entertainment includes costs related to serving of alcohol and is categorised as not allowable in compliance with circular no. A 122.

### **Note 3: Material & Supplies**

NPA experience a high degree of complexity related to the handling of commodities and donations in kind in war thorn areas. The fact that the transport infrastructure is not fully developed, implicates a strong need for a 'hands on approach' and use of management time and resources. Based on this, NPA believes that the cost of materials and supplies should be fully included in the direct cost base and is not a distorting factor.

### **Note 4: Professional expenses**

Professional services are mostly regarding project - and development related consultancy services, IT-consultancy, lawyers and assurance services.

### **Note 5: Recruitment**

Advertisements for recruitments are according to circulare A-122.

### **Note 6: Repair and maintenance**

Costs regarding repair and maintenance might seem high at first glance, but around 50% of the costs are due to repairs of NPA's large vehicle fleet.

Some of the main focus areas for NPA are food distribution and mine clearance activities that involves a lot transport and mileage in areas with poor road conditions. NPA is engaged in several projects related to this, meaning that the wear and tear of the vehicle fleet is high involving a high degree of repair and maintenance.

Another major factor driving the costs for repair and maintenance is NPA's geographical presence in several countries via external offices which needs maintenance.

### **Note 7: Sub Contractors and Partnership**

NPA's global strategy is to implement aid via partnerships and subcontractors, and the organisation is cooperating with a high number of subcontractor. NPA has a close working relationship with several of partners and contractors, which involves high degree of management time following up agreements and the projects itself. Based on this, NPA has decided to include the full value of subcontracts in the Nicra model.

### **Note 8: Redundant costs not applicable to Nicra**

In order to achieve performance management targets, NPA allocates costs at project number level in order to evaluate the performance of each project, external office etc.

As a consequence, head office overhead are calculated and booked as a cost at for instance an external office, while the corresponding amount is booked as an income at the head office. There is no net effect of this booking as income and costs are balancing, however, both total costs and total income will increase.

As these redundant costs/incomes has not been eliminated in the annual accounts, the costs connected to will have to be separated and deducted as the corresponding income is not been included in the costs pool.

**Note 9. Exclusion of United States Government Grants with indirect cost allocation.**

NPA has been awarded and provided services under several grant agreements with the United States Government for which no indirect cost recovery is provided on activities. Accordingly, all direct activity cost incurred for those programs have excluded from the direct cost in the accompanying Statement of Indirect Rate Calculation.