



## MEMORANDUM

**DATE:** March 27, 2020

**TO:** USAID/Vietnam Mission Director, Michael Greene

**FROM:** USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

**SUBJECT:** Financial Audit of the Center for Community Health Research and Development under Multiple USAID Awards in Vietnam, January 1 to December 31, 2018 (5-440-20-024-R)

This memorandum transmits the final audit report on the multiple USAID awards managed by the Center for Community Health Research and Development (CCRD). CCRD contracted with the independent certified public accounting firm of KPMG Limited to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), USAID Financial Audit Guide for Foreign Organizations, and 2 CFR Part 200 Subpart F—Audit Requirements. However, it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CCRD's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether CCRD's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate CCRD's internal controls; (3) determine whether CCRD complied with agreement terms (including cost-sharing contributions), and applicable laws and regulations; and (4) determine whether CCRD had taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the fund accountability statement and supporting documentation; evaluated the internal control system and assessed all related risks; tested compliance with agreement terms (including cost-sharing contributions) and applicable laws and regulations; and assessed the status of prior audit report recommendations. The audit

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<sup>1</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

covered program revenues and costs of \$1,263,400 and \$1,318,834, respectively, from January 1 to December 31, 2018.<sup>2</sup>

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or instances of material noncompliance. The audit firm also issued a management letter to CCRD identifying internal control matters.

On the review of the cost-sharing contributions, which are required under the three awards, the audit firm reported that CCRD contributed \$33,675 during the period reviewed. The audit firm did not report any questioned costs on these contributions. For the SI project (closeout), the audit firm reported cumulative cost-share contributions of \$55,663 as of the end of the agreement, which meet the award's life-of-project requirement. Finally, the audit firm reported that one of the four prior management letter issues was not satisfactorily addressed; thus, it was reported again in the current management letter.

During our desk review, we noted issues that the audit firm will need to address in future audit reports. We have presented these issues and a suggestion in a memorandum to the mission's controller dated March 27, 2020.

Given the above results of the audit, we are not making any recommendation for inclusion in USAID's Consolidated Audit and Compliance Tracking System. We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").

Attachment: a/s

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<sup>2</sup> The audit covered three awards: (1) Closeout audit of Cooperative Agreement AID-440-A-15-00004 (Strengthen In-Country Strategic Information Capacity for Sustainable HIV Response [SI Project]) and (2) Financial audits of Cooperative Agreements AID-440-A-14-00005 (USAID Community HIV Link – Northern Mountains [CLI Project]) and AID-440-A-17-00001 (Enhanced Community HIV Link – Northern [CL2 Project]).