



## MEMORANDUM

**DATE:** January 29, 2021

**TO:** USAID Regional Development Mission for Asia Director, Steve Olive

**FROM:** USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

**SUBJECT:** Financial and Closeout Audit of Multiple USAID Awards Managed by Asian Disaster Preparedness Center, January 1 to December 31, 2019 (5-486-21-010-R)

This memorandum transmits the final audit report of the Asian Disaster Preparedness Center (ADPC) under the following USAID awards:

Award Name	Award No.	Audited Period
USAID's Strengthening Earthquake Resilience in Bangladesh (SERB)	AID-388-G-13-00001	January 1 – November 30, 2019 (closeout)
SERVIR Mekong (SERVIR)	AID-486-A-14-00002	January 1 – December 31, 2019
Program for Strengthening Capacity Building and Training Management System of the Indonesian Disaster Relief Training Ground (INA-DRTG)	Grant No. 720FDA18GR00330	January 1 – December 31, 2019 (closeout)
Program on Strengthening Preparedness for Emergency Response through Multi-Stakeholders Cooperation in Myanmar (MPP)	Grant No. 720FDA18GR00283	January 1 – September 28, 2019 (closeout)
Strengthening Institutionalization of the Program for Enhancement of Emergency Response in South Asia (PEER5)	Grant No. 720FDA19CA00022	July 1 – December 31, 2019
Strengthening Emergency Preparedness Response in Bangladesh (SERB2)	Grant No. 720FDA19GR00257	October 1 – December 31, 2019

<b>Award Name</b>	<b>Award No.</b>	<b>Audited Period</b>
Institutionalising Sustainable Community Based Disaster Risk Management (CBDRM; Subaward from GNDR)	AID-OFDA-A-17-00013	January 1 – December 31, 2019
Investing in Human Capital for Disaster Management (INVEST DM; Subaward from Mercy Corps)	Grant No. 720FDA19CA00032	October 16 – December 31, 2019

ADPC contracted with the independent certified public accounting firm of KPMG Phoomchai Audit Ltd. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the USAID Financial Audit Guide for Foreign Organizations. However, it did not 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 the recipient’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 ADPC’s fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate ADPC’s internal controls system; (3) determine whether ADPC complied with award terms (including cost-sharing contributions), and applicable laws and regulations; (4) perform an audit of the indirect cost rate; (5) express an opinion on whether the ADPC’s general purpose financial statements (GPFS) for the period audited was presented fairly, in all material respects; and (6) assess if ADPC had taken adequate corrective actions on prior audit report recommendations. The audit firm stated that there were no prior audit recommendations. To answer the audit objectives, KPMG Phoomchai Audit Ltd. examined ADPC’s fund accountability statement and supporting documentation; obtained sufficient understanding of its internal control systems and assessed control risks; tested compliance with agreement terms, laws and regulations; determined the actual indirect cost rates for the year ended December 31, 2019; and examined the GPFS and supporting documentation. The audit covered project revenues and costs of \$1,777,381 and \$2,166,536, respectively from January 1 to December 31, 2019.

KPMG Phoomchai Audit Ltd. concluded that the fund accountability statement presented fairly, in all material respects, project revenues and costs incurred under the agreements for the period audited. The audit firm did not identify any questioned costs, significant deficiencies or material weaknesses in internal control, or material instances of noncompliance.

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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.

Regarding the review of cost-sharing contributions, which is required under the SERVIR program, the audit firm reported that the recipient contributed \$57,266 during the period audited and a total of \$294,200 as of December 31, 2019 that is equivalent to 73.53 percent of the total cost-sharing budget. The audit firm did not report any questioned costs on the contributions during the period audited.

The audit firm reported that all projects except for the CBDRM project have USAID-authorized provisional indirect cost rates and that the schedule of the computation of the indirect cost rate was fairly stated in all material respects. The audit firm issued an unmodified audit opinion on the GPFS with an Emphasis of Matter on the basis of financial statements preparation, and restriction on distribution and use.

During our desk review, we noted issues that the audit firm will need to address. We presented these issues in a memorandum to the controller dated January 29, 2021.

The report does not include any recommendations.

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

Attachment: a/s