



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 3, 2022

TO: USAID/Bangladesh Mission Director, Kathryn Davis Stevens

FROM: USAID OIG Asia Regional Office, USDH NFA Coordinator, Rhonda M. Horried /s/

SUBJECT: Financial Audit of USAID Awards in Bangladesh Managed by the Social Marketing Company for the Period from August 16, 2020, to September 30, 2021 (5-388-23-002-R)

This memorandum transmits the final audit report on the following awards managed by Social Marketing Company (SMC) in Bangladesh:

Award Name	Award No.	Audited Period
Marketing Innovations for Sustainable Health Development (MISHD) Activity	AID-388-A-16-00004	October 1, 2020 – September 30, 2021
USAID's Alliance for Combatting TB in Bangladesh (Subaward from International Centre for Diarrhoeal Disease Research, Bangladesh)	72038820CA00002	August 16, 2020 – September 30, 2021

SMC contracted with the independent audit firm MABS & J Partners to conduct the audit. The audit firm stated it performed its audit in accordance with U.S. Government Auditing Standards. However, the audit firm disclosed it does not have a continuing professional education program and an external peer review that satisfies the standards' requirements. 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 schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting workpapers; they are not designed to enable us to directly evaluate the quality of the audit performed.

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate SMC's internal controls; (3) determine whether SMC complied with awards terms and applicable laws and regulations (including cost-sharing contributions); and (4) review status of prior year audit recommendations. The audit examined the project's revenues and costs of \$6,759,115 and \$3,535,803, respectively for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, revenues and costs incurred for the audited period. The audit firm did not identify any questioned costs, material weaknesses in internal control, or instances of material noncompliance. The audit firm issued a management letter to the recipient where it identified other matters of internal control and instances of immaterial noncompliance.

Regarding cost-sharing contributions required under MISHD Activity, the audit firm provided negative assurance about the cost-sharing schedule and reported that SMC contributed \$42,631,673 during the period audited toward the total contribution budget of \$45,185,305. The audit firm did not report any questioned costs on the cost contributions. Finally, in the review of prior audit findings, the audit firm reported that five of the six prior year's management letter issues were resolved.

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").