



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** January 6, 2023

**TO:** USAID/Philippines Mission Director, Ryan Washburn

**FROM:** USAID OIG Deputy Assistant Inspector General for Audit, Christine M. Byrne /s/

**SUBJECT:** Financial Audit of the Business Excellence for Sustainability and Transparency Project in Mongolia Managed by Development Solutions NGO Under award 72043820CA00001, January 1, 2021 to December 31, 2021 (5-438-23-004-R)

This memorandum transmits the audit report on the Business Excellence for Sustainability and Transparency (BEST) Project in Mongolia, managed by Development Solutions NGO (the recipient), under the cooperative agreement 72043820CA00001, for the period covering January 1, 2021 to December 31, 2021. The recipient contracted with the independent certified public accounting firm Baker Tilly Dalaivan Audit LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, the audit firm disclosed that it did not have a continuing professional education program and external peer review that fully 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.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of USAID awards for BEST Project for the period audited was presented fairly, in all material respects; (2) evaluate the recipient's internal controls; (3) determine whether the recipient complied with award terms and applicable laws and regulations; and (4) determine whether the recipient had taken corrective actions on prior audit recommendations. The audit examined the project's revenues and costs of \$2,125,123 and \$2,226,723, respectively for the audited period.

The audit firm concluded that, except for the effect of the ineligible questioned costs of \$3,884, the schedule of expenditures of USAID awards for BEST Project presented fairly, in all material respects, project revenues and costs incurred under the award for the period audited. The

---

<sup>1</sup> 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 working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

questioned costs are associated with an instance of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Philippines determine the allowability of the \$3,884 in questioned costs and recover any amount determined to be unallowable. The audit firm reported that all prior audit findings were resolved.

To address the issue identified in the report, we recommend that USAID/Philippines:

**Recommendation I.** Verify that Development Solutions NGO corrects the one instance of material noncompliance detailed on pages 23 and 24 of the audit report.

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").