



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: July 11, 2023

TO: USAD/Sri Lanka Mission Director, Gabriel Grau

FROM: USAID/OIG Asia Regional Office Assistant Director, Rhonda M. Horried /s/

SUBJECT: Financial Audit of Multiple USAID Awards in Maldives Managed by Transparency Maldives for January 1, to December 31, 2021 (5-383-23-021-R)

This memorandum transmits the final audit report of Transparency Maldives (TM) under the following USAID awards:

Award Name (Type)	Award Number	Audit Period
Promoting Resilience in Maldives (PRIME) (grant)	720-383-20-CA-00001	January 1 to December 31, 2021
Strong and Inclusive Maldivian Democracy (SIMD) (sub-award)	S-21-044	June 1 to December 31, 2021
Public Finance Management (PFM) (sub-award)	1004170-S20-34786-00	January 1 to December 31, 2021
Local Council Elections 2021 (LCE21) (sub-award)	21-20544-MAL.0-1959	March 1 to June 30, 2021
Enhancing the Practice of Business Integrity (EPBI) (grant)	0121209-000-0A	July 1 to December 31, 2021
Amplifying New Entrepreneur Voices (ANEV) (grant)	0219801-000-0A	January 1 to September 30, 2021

TM contracted with the independent audit firm T&D Associates to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards. However, the audit firm disclosed that it did not have: (1) an external peer review; and (2) a continuing professional education program that fully satisfy 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 TM's schedule of expenditures of USAID awards, the effectiveness of its internal control, or its compliance with the awards, laws, and

regulations.¹

The audit objectives were to: (1) express an opinion on whether TM's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate TM's internal controls relevant to the project; and (3) determine whether TM complied with awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered costs of \$910,232 for the audit period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and audited costs incurred under the award during the audited period. The audit firm reported \$1,000 in ineligible questioned costs and identified one material instance of noncompliance and one material weakness in internal controls. 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/Sri Lanka determine the allowability of the \$1,000 in questioned costs and recover any amount determined to be unallowable.

During our desk review, we noted certain issues the audit firm should address in future audit reports. We presented these issues to the mission's controller in our memo dated July 11, 2023.

To address the issues identified in the report, we recommend that USAID/Sri Lanka:

Recommendation 1. Verify that TM corrects the one material weakness in internal control detailed on pages 46 and 47 of the audit report.

Recommendation 2. Verify that TM corrects the one instance of material noncompliance detailed on pages 46 and 47 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act".²

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any 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.

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.