



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** January 22, 2024

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

**FROM:** Asia Regional Office, Assistant Director, Rhonda M. Horried /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 to December 31, 2022 (5-438-24-009-R)

This memorandum transmits the final audit report of the Business Excellence for Sustainability and Transparency Project in Mongolia, managed by Development Solutions NGO (DS NGO), under cooperative agreement 72043820CA00001, for the period covering January 1 to December 31, 2022. DS NGO contracted with the independent firm Baker Tilly Dalaivan Audit LLC to conduct the audit. The firm stated it performed its audit in accordance with generally accepted government auditing standards and USAID Financial Audit Guide for Foreign Organizations. However, it did not have continuing professional education and external quality control review programs that satisfy GAGAS 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 the period audited was presented fairly in all material respects; (2) evaluate DS NGO's internal controls; (3) determine whether DS NGO complied with the award terms and applicable laws and regulations; and (4) determine whether DS NGO took corrective actions on prior audit recommendations. To answer the audit objectives, the audit firm performed the financial audit that covered total costs of \$2,668,641 for the period from January 1 to December 31, 2022.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period

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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 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 work papers; desk reviews are not designed to enable us to directly evaluate the quality of the audit performed.

audited. The audit firm did not identify any questioned costs, any material instances of noncompliance, or any material internal control weaknesses. In addition, although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Philippines and Mongolia determine if the recipient addressed the issue noted.

During our desk review, we noted a deficiency in the audit report and informed the regional controller in a memo dated January 22, 2024 to ensure the audit firm addresses the issue in future audit reports.

The report does not include any recommendations for your action.

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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).