



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** March 27, 2024

**TO:** USAID/Bangladesh Mission Director, Reed J. Aeschliman

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

**SUBJECT:** Financial Audit of USAID Awards in Bangladesh Managed by International Centre for Diarrhoeal Disease Research for the year ended December 31, 2022 (5-388-24-031-R)

This memorandum transmits the final audit report on International Centre for Diarrhoeal Disease Research, Bangladesh incurred costs under the following awards:

Award Name (Type)	Award Number	Audit Period
Research for Decision Makers (cooperative agreement)	AID-388-A-17-00006	For the year ended December 31, 2022
Alliance for Combating TB (cooperative agreement)	72038820CA00002	For the year ended December 31, 2022

International Centre for Diarrhoeal Disease Research, Bangladesh contracted with the independent audit firm A. Qasem & Co., Chartered Accountants to conduct the audit. The audit firm stated it performed the audit in accordance with Generally Accepted Government Auditing Standards and USAID Financial Audit Guide for Foreign Organizations. Professional organizations in Bangladesh do not provide external quality control review and the audit firm did not have continuing professional education, so, it could not satisfy these 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 auditee's schedule of expenditures; the effectiveness of its internal controls; or its compliance with the awards, laws, and regulations.<sup>1</sup>

<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.

The audit objectives were mainly to: (1) express an opinion on whether the schedule of expenditures for the period audited was presented fairly, in all material respects; (2) evaluate International Centre for Diarrhoeal Disease Research, Bangladesh's internal controls; and (3) determine whether International Centre for Diarrhoeal Disease Research, Bangladesh complied with the awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered total costs of \$9,832,956 for the year ending December 31, 2022.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited except for \$21,220 of ineligible questioned costs. Further, the audit firm mentioned on page 36 of the audit report that an amount of \$170 representing earned interest was not remitted to USAID. The audit firm did not identify any material internal control weaknesses or any material instances of 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/Bangladesh determine the allowability of the \$21,390 (\$21,220 plus \$170) in questioned costs and recover any amount determined to be unallowable. The audit firm issued a management letter.

During our desk review, we noted areas for improvement in the audit report and informed the regional controller in a memo dated March 27, 2024, to ensure the audit firm addresses the issues in future audit reports.

The report does not contain 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 [oinotice\\_ndaa5274@usaid.gov](mailto:oinotice_ndaa5274@usaid.gov).