



MEMORANDUM

DATE: February 14, 2020

TO: USAID Regional Development Mission/Asia Director, Peter Malnak

FROM: USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

SUBJECT: Financial Audit of the Asian Disaster Preparedness Center Under Multiple USAID Awards, January 1 to December 31, 2018 (5-486-20-015-R)

This memorandum transmits the final audit report of the Asian Disaster Preparedness Center (ADPC) under multiple USAID awards. ADPC contracted with the independent certified public accounting firm of KPMG Phoomchai Audit Ltd. to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹ However, it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ADPC's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.²

The audit objectives were to (1) express an opinion on whether the recipient's fund accountability statement 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 (including cost-sharing contributions), and applicable laws and regulations; (4) perform an audit of the indirect cost rate; and (5) determine whether the recipient has taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the fund accountability statement and supporting documentation; evaluated the effectiveness of the design and operation of the internal control

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. The statement of work, however, required the auditors to follow the Guidelines, and this contracted audit followed those Guidelines.

² 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.

system; conducted tests of the recipient's compliance with award terms and applicable laws and regulations; and determined the actual indirect cost rates for the year ended December 31, 2018. The audit firm reported that there were no prior year audit recommendations. ADPC manages and is the prime recipient for seven programs and a subrecipient for one program.³ The audit covered program revenues and costs of \$2,731,676 and \$2,331,948, respectively, from January 1 to December 31, 2018.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs under the awards for the period audited. The audit firm did not identify any questioned costs, significant deficiencies or material weaknesses in internal control, or material instances of noncompliance.

Regarding the review of cost-sharing contributions, which is required under the SERVIR program only, the audit firm reported that the recipient contributed \$34,535 during the period audited. The audit firm did not report any questioned costs on these contributions. Finally, the audit firm reported that the schedule of computation of the indirect cost rate is fairly stated in all material respects.

During our desk review, we noted two minor issues that the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated February x, 2020.

Given the above results of the audit, we are not making any recommendation for inclusion in USAID's Consolidated Audit and Compliance Tracking System. We appreciate the assistance extended during the engagement.

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").

Attachment: a/s

³ Three programs were subjected to closeout audits covering the period from: (1) January 1 to April 30, 2018 (Grant Agreement AID-OFDA-G-16-00019 Strengthening Emergency Response Capacity of Humanitarian NGOs in Cambodia [USCH2]); (2) January 1 to May 17, 2018 (Grant Agreement AID-OFDA-G-16-00003 Program for Strengthening the Technical and Organizational Capacity of Badan Nasional Penanggulangan Bencana Training Center in Indonesia [BNPBI]); and (3) January 1 to September 28, 2018 (Grant Agreement AID-OFDA-G-16-00098 Strengthening Hospital Preparedness For Emergencies in South Asian Countries [HOPESA]). Three programs were subjected to annual financial audits covering the period from January 1 to December 31, 2018: (1) Grant Agreement AID-388-G-13-00001 USAID's Strengthening Earthquake Resilience in Bangladesh [SERB]; (2) Cooperative Agreement AID-486-A-14-00002 SERVIR-Mekong [SERVIR]; and (3) as a subrecipient under Cooperative Agreement AID-OFDA-A-17-00013 Institutionalising Sustainable Community Based Disaster Risk Management [CBDRM]. Two programs were subjected to first audits covering the period from: (1) July 1, 2018, to December 31, 2018 (Grant Agreement 720FDA18GR00330 Program for Strengthening Capacity Building and Training Management System of the Indonesian Disaster Relief Training Ground [INA-DRTG]); and (2) September 1, 2018, to December 31, 2018 (Grant Agreement 720FDA18GR00283 Program on Strengthening Preparedness for Emergency Response through Multi-Stakeholders Cooperation in Myanmar [MPP]).

