



MEMORANDUM

DATE: May 12, 2020

TO: USAID/Pakistan Mission Director, Julie Koenen

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

SUBJECT: Closeout Audit of Monitoring and Evaluation Services for USAID/Office of Transition Initiatives Projects in Pakistan Managed by Basic Education for Awareness, Reforms and Empowerment, Contract AID-OAA-C-15-00128, July 1, 2018, to September 30, 2019 (5-391-20-034-R)

This memorandum transmits the close out audit report on Monitoring and Evaluation Services for USAID/Office of Transition Initiatives-funded Projects in Pakistan. The Basic Education for Awareness, Reforms and Empowerment (BEFARe) contracted with the independent certified public accounting firm of Crowe Hussain Chaudhury & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have 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 BEFARe's fund accountability statement; 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 BEFARe's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate BEFARe's internal controls; (3) determine whether BEFARe complied with contract terms and applicable laws and regulations; and (4) determine whether BEFARe had taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the fund accountability statement and supporting documentation; reviewed the contractor's existing policies and procedures; tested its compliance with contract terms and applicable laws and regulations; and assessed the status of prior audit report recommendations.

¹ 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 covered program revenues and costs of \$1,335,714 and \$1,381,207, respectively, from July 1, 2018, to September 30, 2019.

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

During our desk review, we noted issues that the audit firm will need to address in future audit reports. We have presented these issues and a suggestion in a memorandum to the mission's controller dated May 12, 2020.

Given the above results of the audit, we are not making any recommendation for inclusion in USAID's Consolidated Audit and Compliance 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