



MEMORANDUM

DATE: August 20, 2020

TO: USAID/Bangladesh Mission Director, Derrick Brown

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

SUBJECT: Financial Audit of International Centre for Diarrhoeal Disease Research, Bangladesh's Management of the Research for Decision Makers Activity, Cooperative Agreement AID-388-A-17-00006, January 1 to December 31, 2019 (5-388-20-064-R)

This memorandum transmits the final audit report on the Research for Decision Makers Activity managed by International Centre for Diarrhoeal Disease Research, Bangladesh (icddr,b). Icddr,b contracted with the independent certified public accounting firm of S. F. Ahmed & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the USAID Financial Audit Guide for Foreign Organizations. 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 the recipient's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 the agreement terms (including cost-sharing contributions, if applicable), and applicable laws and regulations; (4) perform an audit of the indirect cost rate if the recipient has USAID-authorized provisional 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

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.

examined the fund accountability statement and supporting documentation; evaluated the effectiveness of the design and operation of the internal control system; and tested compliance with agreement terms and applicable laws and regulations. The audit firm reported that (1) there were no recommendations in the prior audit report, and (2) the recipient was allowed a predetermined indirect cost rate of 25 percent instead of a USAID-authorized provisional indirect cost rate. The audit covered program revenues and costs of \$2,857,639² and \$3,258,728 respectively, from January 1 to December 31, 2019.

The audit firm concluded that the fund accountability statement presented fairly in all material respects, program revenues and costs incurred under the agreement for the period audited. It did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. Regarding the review of cost-sharing contributions, the audit firm reported that the recipient contributed total cost-sharing contributions of \$320,294 during the period audited. The audit firm did not report any questioned costs related to these contributions.

Given the above results of the audit, we are not making any recommendations.

The 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

² The audit also covered program income of \$19,136 as reported in the fund accountability statement.