



MEMORANDUM

DATE: November 9, 2020

TO: USAID/Vietnam Mission Director, Ann Marie Yastishock

FROM: USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

SUBJECT: Financial Audit of the Disabilities Integration of Services and Therapies Network for Capacity and Treatment Project Managed by Sustainable Health Development Center, Cooperative Agreement AID-440-A-15-00002, January 1 to December 31, 2019 (5-440-21-005-R)

This memorandum transmits the final audit report on the Disabilities Integration of Services and Therapies Network for Capacity and Treatment Project managed by Sustainable Health Development Center (VietHealth). VietHealth contracted with the independent certified public accounting firm of Grant Thornton (Vietnam) Limited to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. 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 VietHealth's fund accountability statement (FAS), 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 VietHealth's FAS for the period audited was presented fairly, in all material respects; (2) evaluate VietHealth's internal controls; (3) determine whether VietHealth complied with award terms and applicable laws and regulations (including cost-sharing contributions); and (4) determine the status of prior year audit recommendations. To answer the audit objectives, the audit firm examined the project's

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

FAS and supporting documentation; evaluated the control environment, accounting systems, and control procedures; tested compliance with agreement requirements and applicable laws and regulations, and ; assessed the status of prior audit recommendations. The audit covered revenues and costs of \$1,026,967 and \$1,155,350, respectively, for the period from January 1 to December 31, 2019.

The audit firm concluded that the FAS presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control or material instances of noncompliance. The audit firm also issued a management letter to VietHealth identifying one internal control matter.

Regarding the review of the cost-sharing contributions, the audit firm reported that VietHealth contributed \$92,257 during the period audited. The audit firm did not report any questioned cost-sharing contributions. Finally, the audit firm noted that a prior management letter issue regarding the payment of input value added tax from USAID funds has not been resolved, while two prior management letter recommendations were satisfactorily addressed.

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 Controller dated November 9, 2020.

The report does not include 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