



MEMORANDUM

DATE: May 21, 2021

TO: USAID/Pakistan Mission Director, Julie Koenen

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

SUBJECT: Closeout Audit of the Infrastructure Program Management Services for the Repair/Renovation of Maternal Child Health Centers in Pakistan Managed by EA Consulting (Private) Limited, Task Order AID-391-TO-16-00002, July 01, 2017, to August 22, 2019 (5-391-21-026-R)

This memorandum transmits the closeout audit report on the Infrastructure Program Management Services for the Repair/Renovation of Maternal Child Health Centers in Sindh Province, Pakistan (Task Order AID-391-TO-16-00002 under Contract AID-391-I-12-0004) managed by EA Consulting (Private) Limited (EACPL). EACPL contracted with the independent certified public accounting firm of EY Ford Rhodes to conduct the audit. The audit firm indicated that it performed its audit in accordance with generally accepted government auditing standards and the USAID Financial Audit Guide for Foreign Organizations.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 EACPL's fund accountability statement (FAS); the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The audit objectives were to (1) express an opinion on whether EACPL's FAS for the period audited was presented fairly, in all material respects; (2) evaluate EACPL's internal controls;

¹ The audit report incorrectly stated "USAID Guidelines for Financial Audits Contracted by Foreign Recipients" although it was referring to the "USAID Financial Audit Guide for Foreign Organizations" (USAID Guide).

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.

(3) determine whether EACPL complied with award terms and applicable laws and regulations; and (4) determine whether EACPL had taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the project's FAS and supporting documentation; evaluated the control environment, accounting systems, and control procedures; tested compliance with contract requirements and applicable laws and regulations; and assessed the status of prior audit report recommendations. The audit covered project revenues and costs of \$5,206,563 and \$5,757,539, respectively, for the period from July 1, 2017, to August 22, 2019.

The audit firm concluded that the FAS presented fairly, in all material respects, project 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 material instances of noncompliance. Finally, the audit firm noted that one prior audit finding had been resolved.

During our desk review, we noted several issues that the mission and the audit firm will need to address in future audit reports. We also have a suggestion to the mission. We provided these issues and suggestion in a memorandum to the controller dated May 21, 2021.

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").