



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: June 23, 2022

TO: USAID/Pakistan Mission Director, Reed Jay Aeschliman

FROM: USAID OIG Asia Regional Office, USDH NFA Coordinator, Rhonda M. Horried /s/

SUBJECT: Financial and Closeout Audit of the Water Governance and Capacity Building Support Program in Pakistan Managed by Health and Nutrition Development Society, Contract 720391 I9C00001, July 1, 2020 to October 15, 2021 (5-391-22-017-R)

This memorandum transmits the financial audit report of the Water Governance and Capacity Building Support Program implemented by the Health and Nutrition Development Society (HANDS), for the period from July 1, 2020, to October 15, 2021. The HANDS contracted with the independent certified public accounting firm of Naveed Zafar Ashfaq Jaffery & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, the audit firm disclosed that it does not have a continuing professional education program and external peer review that satisfy GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on WHP'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 HANDS' fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate HANDS' internal controls; and (3) determine whether HANDS complied with award terms (including cost-sharing/matching contributions requirement) and applicable laws and regulations. The report indicated that the agreement had provision for indirect costs a 10% de minimis rate of modified total direct cost. The audit covered project revenues and expenses of \$1,094,959 and \$944,592, respectively for the audited period.

The audit firm concluded that the fund accountability statement presented fairly, in all material

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.

respects, program 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 instances of material noncompliance.

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").