



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 20, 2022

TO: USAID/Regional Development Mission for Asia Director, Steve Olive

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

SUBJECT: Financial and Closeout Audit of Multiple USAID Awards Managed by Asian Disaster Preparedness Center, January 1 to December 31, 2020 (5-486-22-027-R)

This memorandum transmits the final audit report on the of the Asian Disaster Preparedness Center (ADPC) under the following USAID awards:

Award Name	Award No.	Audited Period
SERVIR-Mekong (SERVIR)	AID-486-A-14-00002	January 1 – December 31, 2020
Strengthening Institutionalization of the Program for Enhancement of Emergency Response in South Asia (PEER5)	720FDA19CA00022	January 1 – December 31, 2020
Strengthening Emergency Preparedness Response in Bangladesh (SERB2)	720FDA19GR00257	January 1 – December 31, 2020
Strengthening Preparedness for Emergency Response through Multi-Stakeholder Cooperation in Southeast Asia (USAPP)	720FDA20GR00075	August 1 – December 31, 2020
Institutionalizing Sustainable Community Based Disaster Risk Management (CBDRM; Subaward from Global Network of Civil Society Organizations for Disaster Reduction)	AID-OFDA-A-17-00013	January 1 – December 31, 2020
Investing in Human Capital for Disaster Management (INVEST DM; Subaward from Mercy Corps; Closeout)	720FDA19CA00032	January 1 – December 20, 2020

ADPC contracted with the independent certified public accounting firm of KPMG Phoomchai Audit Ltd. to conduct the audit. The audit firm stated 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 awards, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether ADPC's schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate ADPC's internal controls related to USAID-funded projects; (3) determine whether ADPC complied with award terms (including cost-sharing contributions), and applicable laws and regulations; (4) perform an audit of the indirect cost rate; (5) perform an audit of ADPC's general purpose financial statements; and (6) assess if ADPC had taken adequate corrective actions on prior audit report recommendations.

To answer the audit objectives, the audit firm reported that it examined ADPC's schedule of expenditures of USAID awards and supporting documentation; obtained sufficient understanding of its internal control systems and assessed control risks; tested compliance with agreement terms, laws, and regulations; reviewed the calculation of indirect cost rates for the year ended December 31, 2020; and examined the GPFS and supporting documentation. The audit firm reported no prior audit recommendations. The audit covered project revenues and costs of \$2,130,759 and \$1,978,614, respectively from January 1 to December 31, 2020.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues and costs incurred under the agreements for the period audited. The audit firm did not identify any questioned costs, significant deficiencies or material weaknesses in internal control, or instances of material noncompliance.

Regarding the review of cost-sharing contributions, the audit firm provided negative assurance about the cost-sharing schedule and reported that ADPC contributed \$145,002 during the period audited. The audit firm did not report any questioned costs on the cost contributions.

The audit firm reported that all projects except the CBDRM project had USAID-authorized provisional indirect cost rates. In addition, the indirect cost rate schedule was fairly stated in all material respects. Finally, the audit firm issued an unmodified audit opinion on the ADPC's general purpose financial statements.

The report does not include any recommendations.

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").

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 exclude review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.