



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: December 13, 2024

TO: USAID/Cambodia Mission Director, Kerry Pelzman

FROM: Asia Regional Office, Assistant Director, Rhonda M. Horried /s/

SUBJECT: Financial Audit of USAID Multiple Awards Managed by Khmer HIV/AIDS NGO Alliance in Cambodia, January 1 to December 31, 2023 (5-442-25-010-R)

This memorandum transmits the final report on the financial audit of the following USAID awards managed by Khmer HIV/AIDS NGO Alliance (KHANA):

Award Name (Type)	Award Number	Audit Period
Community Mobilization Initiatives to End Tuberculosis - COMMIT (Cooperative Agreement)	72044219CA00002	January 1, 2023 – December 31, 2023
TB LON Mental Health Asia – TB MIND ASIA (Subaward from Yayasan Project Hope)	7200AA23CA00003	July 10, 2023 – December 31, 2023

KHANA contracted with the independent audit firm, Morisonkak MKA to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, the audit firm disclosed that it did not have continuing professional education and external peer review programs that fully 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 the recipient's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to (1) express an opinion on whether KHANA's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate KHANA's internal controls related to the USAID-funded project; and (3) determine whether KHANA complied with the award terms and applicable laws and regulations. To answer

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting workpapers; they are not designed to enable us to directly evaluate the quality of the audit performed.

the audit objectives, the audit firm conducted this financial audit that covered costs of \$1,975,849 for the audited period.

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 agreement for the period audited. The audit firm did not identify any questioned costs, any material internal control weaknesses, but identified three instances of material noncompliance. In addition, the audit firm reported a significant deficiency that the recipient should address. We are not making recommendation for this significant deficiency, but we suggest that USAID/Cambodia determine if the recipient addressed the issue. The audit firm issued a management letter that had no material issues that required a recommendation.

During our desk review, we noted an area for improvement that the audit firm will need to address in its future audit reports. We presented this deficiency in a memorandum to the mission controller dated December 13, 2024.

To address the issue identified in the report, we recommend that USAID/Cambodia:

Recommendation I. Verify that KHANA corrected the three instances of material noncompliance detailed on pages 41 to 44 of the audit report.

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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.