



MEMORANDUM

DATE: December 11, 2019

TO: USAID/Bangladesh Mission Director, Derrick Brown

FROM: USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

SUBJECT: Closeout Audit of the Bengal Tiger Conservation Activity Project in Bangladesh Managed by WildTeam Limited, Cooperative Agreement AID-388-A14-00001, January 1, 2017, to July 31, 2018 (5-388-20-009-R)

This memorandum transmits the final audit report on the Bengal Tiger Conservation Activity Project in Bangladesh. The WildTeam Limited contracted with the independent certified public accounting firm of A. Qasem & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. generally accepted government auditing standards (GAGAS) and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.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 the recipient's fund accountability statement; 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 the recipient's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate the recipient's internal controls; (3) determine whether the recipient complied with agreement terms (including cost-sharing contributions, as applicable), and applicable laws and regulations; (4) perform an audit of the recipient's indirect cost rate if the recipient has USAID-authorized provisional indirect cost rate; (5) perform an audit of the recipient's general purpose financial statements (GPFS); and (6) determine whether the recipient has taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. The mission, however, asked the auditors in its contract to follow the Guidelines, and this contracted audit follows those Guidelines.

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.

examined the fund accountability statement and supporting documentation; evaluated the effectiveness of the internal control system; conducted tests of the recipient's compliance with agreement terms and applicable laws and regulations; conducted an audit of the GPFS; and assessed the status of prior audit report recommendations. The audit firm noted that the recipient's indirect cost rates are fixed and final based on its total direct costs and sub-agreement costs, respectively. The audit covered project revenues of \$3,055,636 and costs of \$3,091,485 from January 1, 2017, to July 31, 2018.

A. Qasem & Co. concluded that, except for the effect of questioned costs of \$17,899 (ineligible), the fund accountability statement presented fairly in all material respects, project revenues and costs incurred under the agreement for the period audited. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that the mission determine the allowability of the \$17,899 in questioned costs and recover any amount determined to be unallowable.

The audit firm did not identify any material weaknesses in internal control but identified one significant deficiency in internal control and two material instances of noncompliance. Since the project has ended and USAID/Bangladesh does not have existing or planned awards with the recipient, we are not making any procedural recommendations.

Regarding the review of cost-sharing contributions, the audit firm reported that the recipient contributed \$64,613 for the period audited. The audit firm did not identify any questioned costs on these contributions. The audit firm also concluded that the recipient's GPFS presented fairly in all material respects, the financial position of the recipient as at July 31, 2018, and the results of its operation and fund balances for the year were in conformity with generally accepted accounting principles. Further, two of the nine prior audit recommendations have not been satisfactorily addressed; thus, they were reported again in the current audit report.

During our desk review, we noted several issues that the audit firm will need to address in future audit reports. We also made suggestions to the mission. We have presented these issues and other suggestions in a memorandum to the Controller dated December 11, 2019.

Given the above results of the audit, we are not making any recommendations for inclusion in USAID's Consolidated Audit Compliance Tracking System. We appreciate the assistance extended during the engagement.

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