



## MEMORANDUM

**DATE:** April 29, 2020

**TO:** USAID/Pakistan Mission Director, Julie A. Koenen

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

**SUBJECT:** Financial Audit of the Power Transmission System for Wind Projects in Sindh Wind Corridor Managed by National Transmission and Despatch Company Limited, Grant 391-PEPA-ENR-WTL-00, for the Year Ended June 30, 2018 (5-391-20-028-R)

This memorandum transmits the final audit report on the Power Transmission System for Wind Projects in Sindh Wind Corridor managed by National Transmission and Despatch Company Limited (NTDC). The audit was conducted by the Auditor General of Pakistan (Auditor General). The Auditor General stated that it performed its audit in accordance with international standards of supreme audit institutions issued by the International Organization of Supreme Audit Institutions (INTOSAI).<sup>1</sup> The Auditor General is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NTDC's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

The audit objectives were to (1) express an opinion on whether NTDC's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate NTDC's internal controls; and (3) determine whether NTDC complied with agreement terms

---

<sup>1</sup> The Memorandum of Understanding (MOU) between USAID and the Auditor General requires that the audit be conducted in accordance with generally accepted government auditing standards (GAGAS) or the financial audit manual and the guidelines developed by the Auditor General. In December 2016, USAID OIG stopped signing MOUs with the Supreme Audit Institutions (SAIs), recognizing the Agency's role to impose requirements on its implementing host government entities as a management function. This contracted audit, however, followed that same MOU between USAID and the Auditor General.

<sup>2</sup> We reviewed the Auditor General'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.

and applicable laws and regulations. To answer the audit objectives, the Auditor General examined the fund accountability statement; considered NTDC's internal controls relevant to the financial reporting of the program; tested compliance with agreement terms and applicable laws and regulations. The audit covered project revenues and costs of \$12,065,416 each, from July 1, 2017, to June 30, 2018.

The Auditor General concluded that the fund accountability statement presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited. The Auditor General did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. The Auditor General issued a management letter to NTDC identifying one internal control matter/instance of noncompliance.

During our desk review, we noted issues that the Auditor General will need to address in future audit reports. We presented these issues in a memorandum to the controller dated April 29, 2020.

Given the above results of the audit, we are not making any recommendation for inclusion in USAID's Consolidated Audit and 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