



MEMORANDUM

DATE: August 28, 2020

TO: USAID/Pakistan Acting Mission Director, Clay Epperson

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

SUBJECT: Financial Audit of Trust for Democratic Education and Accountability Under Multiple USAID Awards in Pakistan, July 1, 2018 to December 23, 2019 (5-391-20-065-R)

This memorandum transmits the final audit report on resources managed by Trust for Democratic Education and Accountability (TDEA) under the following USAID awards in Pakistan:

Award Name (Type)	Award Number	Audit Period
Citizens' Voice Project (close-out audit) (cost plus fixed fee contract)	AID-391-C-11-00001	July 1, 2018 – December 23, 2019
Ambassador's Fund Grant Program (cost plus fixed fee contract)	AID-391-C-17-00006	July 1, 2018 – June 30, 2019

TDEA contracted with the independent certified public accounting firm of EY Ford Rhodes to conduct the audit. The audit firm stated that it performed the 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. EY Ford Rhodes is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the contractor'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 TDEA's fund accountability statement for the period audited was presented fairly, in all material respects, (2) evaluate and obtain sufficient understanding of TDEA's internal controls, (3) determine whether TDEA

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.

complied with contract terms and applicable laws and regulations, (4) perform an audit of the indirect cost rate if TDEA has a USAID-authorized provisional indirect cost rate, and (5) determine if TDEA has taken adequate corrective actions on prior audit recommendations. To answer the audit objectives, the audit firm reviewed the project contracts, applicable federal regulations, and USAID policies and guidelines; obtained an understanding of the design and implementation of the contractor's internal control system and tested related controls; examined the fund accountability statement; tested compliance with contract terms and applicable laws and regulations; and assessed the status of prior audit recommendations. The audit firm noted that the contracts with TDEA do not include cost-sharing requirements or a USAID-authorized provisional indirect cost rate. The audit covered project revenues and costs of \$7,080,119 and \$3,582,762,² respectively, from July 1, 2018 to December 23, 2019.

EY Ford Rhodes concluded that the fund accountability statement presented fairly, in all material respects, project revenues and costs incurred under the two contracts for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance.

The audit firm also indicated that TDEA had taken corrective actions or closed all three of its prior audit recommendations.

During our desk review, we noted several issues that the audit firm will need to address in future audit reports. We also have a suggestion to the mission. We presented these issues in a memorandum to the controller dated August 28, 2020.

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").

Attachment: a/s

² Audited costs for the period represents the total project costs of \$6,751,764 with a net of \$3,169,002 related to payments for fixed amount awards that are not subject to financial audits per section 3.2.1 g of USAID's Automated Directive Systems Chapter 591.