



MEMORANDUM

DATE: December 29, 2020

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

FROM: USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

SUBJECT: Financial Audit of PREVENTION, Thai Red Cross AIDS Research Centre Under Multiple USAID Awards in Thailand for the Period October 1, 2018 to September 30, 2019 (5-486-21-009-R)

This memorandum transmits the final audit report on the following USAID-funded projects directly managed and co-implemented by PREVENTION, Thai Red Cross AIDS Research Centre:

Award Name (Type)	Award No.	Audited Period
Linkages Across the Continuum of HIV Services for Key Populations Affected by HIV (subaward from FHI 360)	AID-OAA-A-14-00045 (subaward no. 0936.0149)	October 1, 2018 – September 30, 2019
Capacity Building for Community Service Quality and Accreditation: USAID Community Partnership (cooperative agreement)	AID-486-A-17-00002	October 1, 2018 – September 30, 2019

PREVENTION contracted with the independent certified public accounting firm of Gelman, Rosenberg & Freedman to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. generally accepted government auditing standards. 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.¹

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.

The audit objectives were to (1) express an opinion on whether PREVENTION's fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate and obtain sufficient understanding of its internal controls; (3) evaluate whether it complied with the award terms and applicable laws and regulations; and (4) determine if it has taken adequate corrective action on prior period audit recommendations. The audit firm stated that both awards do not require cost sharing contributions, and the recipient's indirect cost rate is not a negotiable rate. To answer the audit objectives, Gelman, Rosenberg and Freedman examined the recipient's fund accountability statement and related supporting documentation; evaluated the effectiveness of the design and operation of the recipient's internal control system; performed tests to determine compliance with award terms and applicable laws and regulations; and assessed actions taken on prior period audit recommendations, including relevant subsequent events that took place after the audit cut-off date. The audit covered project revenues and costs of \$3,045,139 and \$3,135,994, respectively from October 1, 2018 to September 30, 2019.

Gelman, Rosenberg and Freedman concluded that the fund accountability statement presented fairly, in all material respects, project revenues and costs incurred under the agreements for the period audited. The audit firm identified ineligible costs of \$428 but disclosed that this amount had been returned to USAID on August 13, 2020. Since the questioned costs did not meet OIG's threshold for making a recommendation, and the issue had been resolved, we are not making a recommendation. The audit firm did not identify any material weaknesses in internal control or material instances of noncompliance. The audit firm issued a management letter on the immaterial instance of noncompliance that is directly associated with the above questioned cost. The audit firm stated that the prior period audit recommendations had been adequately addressed.

During our desk review, we noted several issues which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the Controller dated December 29, 2020.

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