



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 18, 2023

TO: USAID/Bangladesh Mission Director, Kathryn Stevens

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

SUBJECT: Financial Audit of USAID's Feed the Future Bangladesh Aquaculture Activity Managed by WorldFish, PIO Grant 72038818IO00002, February 6, 2018 to December 31, 2019 (5-388-23-028-R)

This memorandum transmits the final audit report of USAID Bangladesh's Feed the Future Aquaculture Activity Managed by WorldFish, PIO grant 72038818IO00002, from February 6, 2018 to December 31, 2019. WorldFish contracted with the independent certified public accounting firm Deloitte-Nurul Faruk Hasan & Co. to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards and USAID Financial Audit Guide for Foreign Organizations. However, the audit firm disclosed that it did not have a continuing professional education program or an external quality control review that fully satisfies the standards' requirements. The audit firm noted that professional organizations in Bangladesh do not offer an external quality control review program. 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 regulations¹.

The audit objectives were to: (1) express an opinion on whether the schedule of expenditures of USAID awards for the period audited was presented fairly in all material respects; (2) evaluate WorldFish's internal controls; (3) determine whether WorldFish complied with award terms and applicable laws and regulations; and (4) determine whether WorldFish took adequate corrective actions on prior audit recommendations. To answer the audit objectives, the audit firm performed the subject financial audit that covered total costs of \$7,283,096 for the period from February 6, 2018 to December 31, 2019.

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 work papers; desk reviews are not designed to enable us to directly evaluate the quality of the audit performed.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues, and costs incurred under the award for the period audited except for \$221,488 in total questioned costs (\$139,329 ineligible and \$82,159 unsupported). The audit firm identified one material weaknesses in internal control pertaining to a sub-awardee not maintaining ledgers, sub-ledgers, or timesheets for salaries and benefits, and charging unsupported costs. Also, the audit firm identified three instances of material noncompliance, one of them represents the same material internal control weakness disclosed in the audit firm's internal control report. The audit report included Personally Identifiable Information (PII). Further, the audit firm issued a management letter.

During our desk review, we noted areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller dated September 18, 2023.

To address the issues identified in the report, we recommend that, USAID/Bangladesh:

Recommendation 1. Determine the allowability of \$221,488 in questioned costs (\$139,329 ineligible and \$82,159 unsupported) on pages 24 and 25 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that WorldFish corrects the three instances of material noncompliance detailed on pages 57 to 60, 54, and 61 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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 oignotice_ndaa5274@usaid.gov.