



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** December 27, 2023

**TO:** USAD/Pakistan, Mission Director, Kate Somvongsiri

**FROM:** Asia Regional Office, Acting Audit Director, Esther Park /s/

**SUBJECT:** Financial Audit of the Architectural and Engineering Services for Land Registration, Managed by Government of Khyber Pakhtunkhwa in Pakistan, Grant 47, PIL 391-FST-FIP 013-001-47, Fiscal Year Ended June 30, 2022 (5-391-24-004-R)

This memorandum transmits the final audit report on the “Architectural and Engineering Services for Land Registration Related Activities” project, managed by the Planning and Development Department, Government of Khyber Pakhtunkhwa in Pakistan, grant number 47, project implementation letter number 391-FST-FIP 013-001-47, for the fiscal year ending June 30, 2022. The audit was conducted by the Auditor General of Pakistan (Auditor General). The Auditor General stated it performed its audit in accordance with the International Organization of Supreme Audit Institutions’ standards. The Auditor General is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the awardee’s schedule of expenditures of USAID awards,<sup>1</sup> the effectiveness of its internal control, or its compliance with the awards, laws, and regulations.<sup>2</sup>

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 the internal controls; and (3) determine whether the awardee complied with award terms and applicable laws and regulations. To answer the audit objectives, the Auditor General performed the subject financial audit that covered costs of \$34,004 for the fiscal year ending June 30, 2022.

The Auditor General concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and audited costs incurred under the award during the audited period. The Auditor General did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance.

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<sup>1</sup> The Auditor General referred to the schedule of expenditures as a fund accountability statement.

<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.

In the management letter, the Auditor General identified four audit findings that involve monetary effects totaling Pakistani Rupees (Rs.) 5,270,606 (equivalent to \$34,004), which should have been identified as ineligible questioned costs in the project's schedule of expenditures of USAID awards. Accordingly, we are making a recommendation for USAID/Pakistan to determine the allowability of and recover, as appropriate, these questioned costs.

During our desk review, we noted an issue for improvement which the Auditor General will need to address in future audit reports. We presented this deficiency in a memo to the controller dated December 27, 2023.

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

**Recommendation 1.** Determine the allowability of \$34,004 in ineligible questioned costs detailed in findings 4.1.2, 4.1.4, 4.1.5, and 4.1.8 on pages 18 to 22 of the audit report and recover any amount that is unallowable.

We ask that you provide written notification of actions planned or taken to reach a 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".<sup>3</sup>

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<sup>3</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).