



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

MEMORANDUM

DATE: September 12, 2024

TO: USAID/Pakistan Mission Director, Veeraya Somvongsiri

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

SUBJECT: Financial Audit of USAID Resources Managed by Associates in Development Private Limited, in Pakistan, for the Period July 1, 2022, to June 30, 2023 (5-391-24-048-R)

This memorandum transmits the final report on the financial audit of the following USAID awards managed by Associates in Development Private Limited, in Pakistan, for the period July 1, 2022, to June 30, 2023.

Award Name (Type)	Award	
	Number/Reference	Audit Period
Economic Recovery and Development Activity (Cooperative Agreement)	72039122CA00001	July 1, 2022 – June 30, 2023
Project Management Unit Municipal Services Program (Subaward)	PMU/MSP-KP	July 1, 2022 – June 30, 2023
Third-Party Milestone Monitoring Services under Sindh Basic Education Program (Subcontract)	72039118C00003	July 1, 2022 – June 30, 2023

Associates in Development Private Limited contracted with the independent audit firm Crowe Hussain Chaudhury & Co. to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and International Auditing Standards in conjunction with GAGAS. However, the audit firm did not have continuing professional education and external quality control review programs that conform with GAGAS requirements. The audit firm indicated that Pakistan does not offer external quality reviews. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on recipient's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the awards' terms, 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 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 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 the recipient's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate and obtain an understanding of its internal controls; and (3) perform tests to determine whether it had complied with the awards' terms, applicable laws and regulations, including cost-sharing requirements. To answer the audit objectives, the audit firm performed the subject audit that covered expenditures of \$3,661,140 for the audited period.

The audit firm concluded that the schedule of expenditure of USAID awards presented fairly, in all material respects, the projects' revenues and costs incurred and reimbursed during the audited period. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. As for the cost-share requirements for the Economic Recovery and Development Activity, the audit firm reported that it did not find any significant issue on the recipient's cost-sharing contribution schedule.

During our desk review, we noted some areas for improvement, which the audit firm should address in its future audit reports. We presented these deficiencies in a memorandum to the Controller dated September 12, 2024.

This report does not include any recommendations for your action.

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.