



## MEMORANDUM

**DATE:** December 21, 2018

**TO:** USAID/Jamaica Mission Director, Jason Fraser

**FROM:** USAID OIG Latin America and Caribbean (LAC) Regional Office, Assistant Director, Brad Moore /s/

**SUBJECT:** Financial Audit of the Combatting Corruption and Strengthening Integrity in Jamaica Program, Managed by National Integrity Action, Cooperative Agreement AID 532-A-16-00001, October 1, 2016, to September 30, 2017 (I-532-19-018-R)

This memorandum transmits the final audit report on the program: Combatting Corruption and Strengthening Integrity in Jamaica managed by National Integrity Action (NIA). NIA contracted with the independent certified public accounting firm BDO to conduct the audit. The contract required BDO to perform the audit in accordance with generally accepted government auditing standards and the USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup>

The audit firm states that it performed the audit in accordance with generally accepted government auditing standards except that the audit firm did not have a continuing education program that fully complies with GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NIA's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited; was presented fairly, in all material respects; (2) evaluate

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, follows the Guidelines.

<sup>2</sup> 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.

NIA's internal controls; (3) determine whether NIA complied with award terms and applicable laws and regulations; and (4) determine if NIA has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to the project; compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$3,145,547 in USAID funds for the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$3,689 in ineligible questioned costs related to a duplicate payment error. The auditors stated that these costs have been adjusted; therefore, we are not making a recommendation related to the ineligible questioned costs.

The audit firm did not identify any material internal control weaknesses or instances of material noncompliance with applicable laws, regulations, and agreement terms.

The audit firm determined that cost sharing contributions were made and accounted for by NIA in accordance with the agreement terms. In our previous desk review of NIA, issued on September 26, 2017, we made a recommendation for NIA to correct eight internal control deficiencies identified in the audit report. On March 12, 2018 we acknowledged the mission's management decision to verify that the recipient corrects these deficiencies by April 30, 2018. However, the audit firm stated that the recipient has not taken adequate corrective action to address all of the internal control deficiencies as of September 2018. We are not making a formal recommendation on this issue; however, we bring this to the Agreement Officer's attention to verify that these deficiencies are corrected.

Based on the results of the desk review, OIG is not making any recommendation to USAID/Jamaica.

We appreciate the assistance extended during the engagement.

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").