



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

MEMORANDUM

DATE: September 5, 2023

TO: USAID/Eastern and Southern Caribbean Country Representative, Mervyn Farroe

FROM: Latin America and Caribbean (LAC) Regional Office, through Global and Strategic Audits Division (GSAD) Assistant Director, Pamela Hamilton /s/

SUBJECT: Closeout Financial Audit of Government of Barbados' Ministry of Environment & National Beautification, Grant 538-G2G-GCC-2013, April 1, 2017 to September 30, 2020 (9-538-23-019-R)

This memorandum transmits the final audit report on the Water Resource Management and Flood Resilience Climate Change Adaptation Program. Government of Barbados' Ministry of Environment & National Beautification (Government of Barbados) contracted with the independent audit firm TSD Lal & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with 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 Government of Barbados' schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 Government of Barbados' internal controls; (3) determine whether Government of Barbados complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by Government of Barbados in accordance with the terms of the agreement; and (5) determine if Government of Barbados 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; assessed and tested compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$3,785,206 of USAID expenditures for the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all

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.

material respects, program revenues and costs incurred under the award for the period audited. However, the audit firm identified ineligible questioned costs in the schedule of expenditures of USAID awards totaling \$229,822. The questioned costs were related to duplication of amounts submitted for reimbursement for Holetown Lagoon.

The audit firm identified one significant deficiency in internal control regarding the questioned costs detailed above. The audit firm did not identify any instances of material noncompliance with applicable laws, regulations, and agreement terms. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Eastern and Southern Caribbean determine if the recipient addressed the issue noted. The audit firm issued a management letter which included minor internal control deficiencies.

The audit firm stated that based on their review, nothing came to their attention that caused them to believe that Government of Barbados did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing contributions schedule.

The auditors did not include a list of the project's non-expendable items in a note to the schedule of expenditures of USAID awards. Additionally, the report did not include the final disposition of the assets required as part of the closeout process. We are not making a formal recommendation on this issue, but we suggest that the Agreement Officer review this issue as part of the closeout process.

Additionally, in note three to the schedule of expenditures of USAID awards, the auditors reported an expenditure pending reimbursement of \$22,800 as of the end of the audit period. We are not making a formal recommendation on this issue, but we suggest that the Agreement Officer review this issue as part of the closeout process.

To address the issues identified in the report, we recommend that USAID/Eastern and Southern Caribbean:

Recommendation 1. Determine the allowability of \$229,822 in ineligible questioned costs on page 21 of the audit report and recover any amount that is unallowable.

We ask that you provide your 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.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.