



MEMORANDUM

DATE: April 27, 2018

TO: USAID/Barbados, Mission Director, Christopher Cushing

FROM: Regional Inspector General/San Salvador, Audit Manager, Brad Moore /s/

SUBJECT: Closeout Audit of Youth Entrepreneurship Program for the Eastern Caribbean, Managed by the Prince's Youth Business International, Cooperative Agreement No. AID-538-A-12-00001, January 1, 2013 to December 31, 2015 (I-538-18-023-R)

This memorandum transmits the final audit report on the Youth Entrepreneurship Program for the Eastern Caribbean (YEPEC). The Prince's Youth Business International (YBI) contracted with the independent certified public accounting firm Crowe Clark Whitehill LLP to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except that the audit firm did not have an external peer review. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on YEPEC's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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, was initiated before that date and follows the Guidelines.

² 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.

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 YEPEC's internal controls; (3) determine whether YEPEC complied with award terms and applicable laws and regulations; and (4) determine if YEPEC has taken adequate corrective action on prior audit report 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 \$ 1,645,381 in USAID funds for the year ended December 31, 2016.

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 \$318 in unsupported questioned costs. Although, we are not making a formal recommendation for the \$318 in unsupported questioned costs because the amount is below our threshold. USAID/Barbados should review these costs and recover from the recipient the amounts determined to be unallowable.

The audit firm did not identify any material internal control deficiencies.

The auditors identified two material instances of noncompliance related to (1) the questioned costs described above, and (2) the lack of evidence regarding the vetting of individuals and suppliers to ensure that recipients of U.S. Government funding are not involved with terrorism.

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

Recommendation I. Verify that The Prince's Youth Business International corrects the two instances of material noncompliance detailed on page 16 of the audit report.

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