



MEMORANDUM

DATE: September 27, 2018

TO: USAID/Haiti Mission Director, Jene C. Thomas

FROM: Regional Inspector General/San Salvador, Assistant Director, Brad Moore /s/

SUBJECT: Audit of Yunus Social Business Haiti, Cooperative Agreement AID-521-A-14-00007, September 30, 2015, to September 30, 2017 (I-521-18-035-R)

This memorandum transmits the final audit report on Yunus Social Business Haiti (YSBH). YSBH contracted with the independent certified public accounting firm AMF Experts to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

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 YSBH's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

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 YSBH's internal controls; (3) determine whether YSBH complied with award terms and applicable laws and regulations (4) determine if cost-sharing contributions were made and accounted for by YSBH in accordance with the agreement terms, and (5) determine if YSBH has

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

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 \$907,755 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 \$3,242 in unsupported questioned costs.

The audit firm identified six significant internal control deficiencies related to: (1) undocumented board and staff meetings; (2) absence of a strategic plan; (3) insufficient financial reporting practices; (4) turnover in key leadership positions; (5) lack of segregation of duties; and (6) lack of a separate bank account for USAID funds. Additionally, during our review of the management letter we noted that the auditors included one internal control deficiency related to entertainment costs totaling \$1,057 that should have been identified as questioned costs on the fund accountability statement.

The audit firm identified one instance of noncompliance with applicable laws, regulations, and agreement terms related to the questioned costs totaling \$3,242 discussed above.

The audit firm determined that cost sharing contributions were made and accounted for by YSBH in accordance with the agreement terms. Additionally, the audit firm determined that YSBH has not taken adequate corrective actions on prior audit report recommendations.

During our desk review, we noted several minor issues which the audit firm should address in future audit reports. We presented these issues in a memo to the controller, dated September 27, 2018.

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

Recommendation 1. Determine the allowability of \$3,242 in unsupported questioned costs included on pages 10 and 14 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that YSBH corrects the six significant deficiencies in internal control detailed on pages 19 and 20 of the audit report.

Recommendation 3. Determine the allowability of \$1,057 in ineligible questioned costs included on page 30 of the audit report and recover any amount that is unallowable.

Recommendation 4. Verify that YSBH corrects the one instance of noncompliance detailed on page 35 of the audit report.

Recommendation 5. Verify that YSBH corrects the prior audit report recommendations detailed on page 9 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. ").

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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").