



MEMORANDUM

DATE: February 27, 2019

TO: USAID/Dominican Republic Mission Director, Art Brown

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, Acting Assistant Director, Alicia Pegues /s/

SUBJECT: Closeout Audit of Instituto Tecnológico de Santo Domingo, Under Multiple Awards, 2017-2018 (I-517-19-029-R)

This memorandum transmits the final audit report on Instituto Tecnológico de Santo Domingo (INTEC) under the following awards:

Award Name (Type)	Award Number	Period
Improved Access to Relevant and Usable Climate Information (cooperative agreement)	AID-517-A-15-00002	January 01, 2017 – March 01, 2018
Planning for Climate Adaptation Program (cooperative agreement) (Sub-award)	AID-517-A-15-00003-INTEC-001	January 01 – November 30, 2017

INTEC contracted with the independent certified public accounting firm Campusano & Asociados to conduct the audit. The contract required Campusano & Asociados to perform the audit in accordance with generally accepted government auditing standards and USAID 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 Campusano & Asociados did not have an external peer review that fully complies with GAGAS requirements. Campusano & Asociados is responsible for the enclosed report and the conclusions expressed in it. We do not express an

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

opinion on INTEC's fund accountability statement; the effectiveness of its internal controls; or its compliance with the awards, 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 INTEC's internal controls; (3) determine whether INTEC complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by INTEC in accordance with the agreement terms; (5) determine if INTEC has taken adequate corrective action on prior audit recommendations; (6) perform an audit of the indirect cost rate; and (7) express an opinion on the general purpose financial statements. To answer the audit objectives, Campusano & Asociados reported that they assessed and tested the internal controls related to the projects; compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$861,323 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 awards for the periods audited.

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

The audit firm determined that cost sharing contributions were made and accounted for by INTEC in accordance with the agreement terms. Additionally, the audit firm determined that the recipient has taken adequate corrective actions on nine prior audit report recommendations and one is still in process. Given that a management decision was acknowledged by RIG/San Salvador regarding this recommendation, we will not include a recommendation regarding this issue.

In addition, the audit firm concluded that the financial statements presented fairly, in all material respects, the financial position of INTEC as of December 31, 2017. Furthermore, the audit firm stated that the schedule of computation of indirect cost rate was fairly stated in all material respects in relation to the basic financial statements taken as whole. However, we noted that the costs in the indirect costs rate schedule did not reconcile to the general purpose financial statements. We will include a recommendation regarding this issue.

To address the issue identified in the report, we recommend that USAID/Dominican Republic:

Recommendation I. Verify that INTEC corrects the indirect cost rate schedule detailed on page 38 of the audit report to reconcile with the general purpose financial statements.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended during the engagement.

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.

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").