



## MEMORANDUM

**DATE:** April 30, 2019

**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 National HIV/STI Program, Managed by the Ministry of Health in Jamaica, Program Assistance 532-DOAG-2013-JM, Under Multiple Implementation Letters, April 1, 2017 to March 31, 2018 (9-532-19-033-R)

This memorandum transmits the final audit report on National HIV/STI Program, Managed by the Ministry of Health (MOH) in Jamaica, under the following implementation letters:

<b>Implementation Letter Name (Type)</b>	<b>Period of Performance</b>
Implementation Letter 532-IL-532-HE-DOAG-00003 (closeout)	30 September 2016 to 31 March 2017
Implementation Letter 532-IL-532-HE-DOAG-00004 (closeout)	1 October 2016 to 30 September 2017
Implementation Letter 532-IL-532-HE-DOAG-00005	1 October 2017 to 30 September 2018

MOH contracted with the independent certified public accounting firm BDO to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup>

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 On June 30, 2017, USAID OIG rescinded its “Guidelines for Financial Audits Contracted by Foreign Recipients,” recognizing the Agency’s role to impose requirements on its implementing partners and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

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 MOH's fund accountability statement; the effectiveness of its internal controls; 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 the MOH's internal controls; (3) determine whether MOH complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by MOH in accordance with the terms of the agreement; and (5) determine if MOH 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 \$3,562,094 of 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 \$30,690 in unsupported questioned costs. The unsupported questioned costs were related to the over reporting of expenditures in the report of expenditure and advance control. The auditors stated that these costs have been adjusted; therefore, we are not making a recommendation related to the unsupported questioned costs.

The audit firm identified one material weakness in internal control and one instance of material noncompliance with applicable laws, regulations, and agreement terms related to questioned costs identified above. Additionally, the audit firm issued a management letter which included two internal control deficiencies.

The audit firm determined that cost-sharing contributions were made and accounted for by MOH in accordance with the agreement terms. Additionally, the audit firm determined that the recipient has taken adequate corrective actions on one prior audit report recommendation and one recommendation has not been implemented. We ask the mission to verify that the recipient corrects this deficiency.

Furthermore, the audit firm did not report if the outstanding balance of \$9,316 for implementation letter 532-IL-532-HE-DOAG-00004, terminated during the audited period, was reimbursed according to the terms of the agreement. We are not making a formal recommendation on this issue; however, we bring this to the Mission's attention that these details were lacking from the audit report to assist in the close-out process in order to recover the outstanding balance.

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<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.

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

**Recommendation 1.** Verify that MOH corrects the one material weakness in internal control detailed on pages 25 and 29 of the audit report.

**Recommendation 2.** Verify that MOH corrects the one instance of material noncompliance detailed on pages 27 and 29 of the audit report.

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.

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").