



MEMORANDUM

DATE: July 9, 2019

TO: USAID/Jordan Mission Director, Jim Barnhart

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Financial Audit of Cost Incurred by Engicon Company, Under Management Engineering Services Contract Project in Jordan, Contract AID-278-C-00-15-00005, January 1 to December 31, 2017 (8-278-19-037-N)

This memorandum transmits the final report on the financial audit of cost incurred by Engicon Company, under Management Engineering Services Contract Project in Jordan, contract AID-278-C-00-15-00005, from January 1 to December 31, 2017. The agency contracted with the independent certified public accounting firm PricewaterhouseCoopers to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except for not participating in an external quality control review program. The audit firm explained that no such program is offered by professional organizations in Jordan. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the Engicon Company's schedule of costs incurred; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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.

The audit objectives were to: (1) express an opinion on whether the schedule of cost incurred for the period audited, was presented fairly, in all material respects; (2) evaluate the Engicon Company internal controls; (3) determine whether Engicon Company complied with award terms and applicable laws and regulations; (4) perform test to determine if the auditee correctly charged indirect costs to USAID; and (5) determine if the auditee has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, the audit firm performed the subject financial audit of schedule of cost incurred that covered \$1,517,961 in USAID funds from January 1 to December 31, 2017.

The audit firm concluded that the schedule of costs incurred presented fairly, in all material respects, program revenues and costs incurred under the award for the period and did not identify any questioned costs. The audit firm identified one material weakness in internal control related to inadequate segregation of duties in payroll process. The audit firm did not identify any material instance of noncompliance with the contract terms and applicable laws and regulations.

To address the issue identified in the report, we recommend that USAID Jordan do the following:

Recommendation I. Verify that Engicon Company corrects the one material weakness in internal control detailed on page 15 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.

The 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