



## MEMORANDUM

**DATE:** August 27, 2019

**TO:** USAID/Jordan Mission Director, Jim Barnhart

**FROM:** USAID OIG Middle East and Eastern Europe Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

**SUBJECT:** Fund Accountability Statement Audit of Engicon Company, Under Multiple Awards in Jordan, January 1, to December 31, 2015 (8-278-19-109-R)

This memorandum transmits the final audit report on the fund accountability statement of Engicon Company, for the period from January 1, to December 31, 2015, for the following awards:

Award Name (Type)	Award Number	Period	Subimplementer
Upgrade of Mafrq Wastewater Treatment Plant Project (contract)	AID-278-C-12-00003	Jan 1, 2015 – Dec 31, 2015	N/A
Management Engineering Services Contract Project (contract)	AID-278-C-00-15-00005	Mar 16, 2015 – Dec 31, 2015	N/A

The auditee contracted with the independent certified public accounting firm PricewaterhouseCooper L.L.C 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 it performed its audit in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program. The audit firm says that Jordan does not offer such a review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws,

and regulations<sup>1</sup>

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the audited period, was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$1,283,546 in expenditures for January 1, to December 31, 2015.

The audit firm expressed a modified opinion on the fund accountability statement and identified \$459 in questioned costs (\$157 ineligible and \$302 unsupported). Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Jordan determine the allowability of the \$459 in questioned costs and recover any amount determined to be unallowable.

The audit firm identified two significant deficiencies in internal control. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Jordan determine if the recipient addressed the issues noted.

The audit firm identified three material instances of noncompliance related to: 1) incomplete employees' files, 2) lack of prior approval for international travel, and 3) noncompliance with the Executive Order No. 13224. Since the auditors confirmed that the auditee has taken corrective action related to noncompliance with the Executive Order No. 13224, USAID OIG ME/EE Regional Office is not including this specific instance of material noncompliance in the procedural recommendations.

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

**Recommendation 1.** Verify that auditee corrects the two instances of material noncompliance detailed on pages 21 - 23 of the audit report.

We ask that you provide your written notification of the 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").

<sup>1</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.