



MEMORANDUM

DATE: January 14, 2020

TO: USAID/Jordan Mission Director, Jim Barnhart

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

SUBJECT: Audit of the Fund Accountability Statement of Queen Rania Teacher Academy, Cultivating Inclusive and Supportive Learning Environment in Jordan's Schools Program, Grant AID-278-G-14-00001, January 1, 2018, to December 31, 2018 (8-278-20-006-N)

This memorandum transmits the final audit report on the fund accountability statement of USAID resources managed by Queen Rania Teacher Academy, Cultivating Inclusive and Supportive Learning Environment in Jordan's Schools program, Grant AID-278-G-14-00001, from January 1, 2018, to December 31, 2018. USAID/Jordan contracted with the independent certified public accounting firm PricewaterhouseCoopers, Jordan to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external quality control review program because Jordan does not offer such a review program. The audit firm is responsible for the enclosed auditor's 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 controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly 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 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 audit firm performed the subject financial audit that covered \$1,000,021, from January 1, 2018, to December 31, 2018.

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 firm expressed a qualified opinion on the fund accountability statement and concluded that it presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for unsupported questioned costs of \$10,831. The audit firm identified one material internal control weakness related to Queen Rania Teacher Academy not being able to accurately reconcile USAID transfers to actual balances at the bank. The audit firm identified one material instance of noncompliance and said Queen Rania Teacher Academy took corrective action and resolved this finding. 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 \$10,831 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Jordan determine if the recipient addressed the issue noted. Further, the audit firm issued a management letter.

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

Recommendation 1. Require Queen Rania Teacher Academy to establish and implement appropriate procedures ensuring accurate fund balance reconciliation as detailed on page 14 of PricewaterhouseCoopers, Jordan 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").