



## MEMORANDUM

**DATE:** February 18, 2020

**TO:** USAID/Indonesia Mission Director, Ryan Washburn

**FROM:** USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

**SUBJECT:** Financial Audit of Universitas Indonesia Under Multiple USAID Awards, January 1 to December 31, 2018 (5-497-20-016-R)

This memorandum transmits the final audit report on the multiple USAID awards managed by Universitas Indonesia. Universitas Indonesia contracted with the independent certified public accounting firm of Tanubrata Sutanto Fahmi Bambang & Rekan to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. generally accepted government auditing standards (GAGAS) and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup> However, it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Universitas Indonesia's fund accountability statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.<sup>2</sup>

The audit objectives were to (1) express an opinion on whether the fund accountability statements for the periods audited were presented fairly, in all material respects; (2) evaluate Universitas Indonesia's internal controls; and (3) determine whether Universitas Indonesia complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm examined the fund accountability statements; evaluated the internal control system and assessed all related risks; and tested compliance with award terms and applicable

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<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 On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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. The contract, however, required the auditors to follow the Guidelines, and this contracted audit followed those Guidelines.

<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.

laws and regulations. The audit covered program revenues and costs of \$1,262,702 and \$1,158,695, respectively, from January 1 to December 31, 2018.<sup>3</sup>

The audit firm concluded that the fund accountability statements 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 questioned costs, material weaknesses in internal control, or material instances of noncompliance.

During our desk review, we noted a few minor issues that the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated February 18, 2020.

Given the above results of the audit, we are not making any recommendation for inclusion in USAID's Consolidated Audit and Compliance Tracking System. 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").

Attachment: a/s

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<sup>3</sup> The audit covered three programs: (a) US-Indonesia Partnership for South-South and Triangular Cooperation Component 1 (USIP 1) program under Contract AID-497-C-16-00010 for the period from January 1, 2018, to December 31, 2018; (b) Sustainable Higher Education Research Alliances (SHERA) program under IIE Sub-Award Agreement IIE00000078-UI-01 for the period from January 1, 2018, to December 31, 2018; and (c) Empowering Access to Justice (MAJu) program under TAF Letter of Grant 31951.100; 31951.700 for the period from September 3, 2018, to December 31, 2018.