



## MEMORANDUM

**DATE:** March 8, 2020

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

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

**SUBJECT:** Audit of the Fund Accountability Statement of USAID Resources Managed by Bidaya Corporate Communications, USAID/ Jordan Outreach and Communications Project, Contract AID-278-C-17-00002, August 1, 2017 to December 31, 2018 (8-278-20-020-N)

This memorandum transmits the final audit report of the fund accountability statement of USAID resources managed by Bidaya Corporate Communications, USAID/Jordan Outreach and Communications Project, contract AID-278-C-17-00002, from August 1, 2017 to December 31, 2018. USAID/Jordan contracted with the independent certified public accounting firm Ernst & Young Jordan to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have an external quality control review program that fully satisfies the standards' requirements. The audit firm explained 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 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 total expenditures of \$1,089,144 from August 1, 2017 to December 31, 2018.

The auditors expressed a qualified opinion on the fund accountability statement and identified \$83,901 of questioned costs (\$3,264 ineligible and \$80,637 unsupported). The auditors identified three material instances of noncompliance with rules and regulations pertaining to annual leaves, budget line items, and

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<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.

Mission Order 21 and Executive Order 13224. In addition, although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Jordan addresses the issue noted. Further, the audit firm issued a management letter.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller dated March 8, 2020.

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

**Recommendation 1:** Determine the allowability, and collect as appropriate, of \$83,901 in questioned costs, (\$3,264 ineligible and \$80,637 unsupported), detailed on page 25 of Ernst and Young's audit report.

**Recommendation 2:** Verify that Bidaya Corporate Communications corrects and establishes policies and procedures addressing the material instances of noncompliance, detailed on pages 22 to 24 of Ernst & Young's 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.

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").