



MEMORANDUM

DATE: May 26, 2020

TO: USAID/Jamaica Country Representative, Jason Fraser

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, Senior Auditor, John Vernon /s/

SUBJECT: Closeout Audit of Ministry of Education Youth and Information's Management of the USAID/MOEYI Partnership for Improved Safety and Security in Schools Program in Jamaica, Program Assistance 532-DOAG-2013-JM, 532-IL-532-ED-DOAG-00002, July 3, 2017, to July 2, 2019 (9-532-20-025-R)

This memorandum transmits the final audit report on Ministry of Education Youth and Information's (MOEYI) Management of the USAID/MOEYI Partnership for Improved Safety and Security in Schools Program in Jamaica. MOEYI contracted with the independent certified public accounting firm BDO Jamaica 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 a continuing education program that fully complies with GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MOEYI's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate MOEYI's internal controls; (3) determine whether MOEYI complied with award terms and applicable laws and regulations; and (4) determine if MOEYI has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to the project; compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$2,569,978 of USAID expenditures for the audited period.

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 concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$138,103 in unsupported questioned costs. However, the audit firm identified additional questioned costs in the fund accountability statement for a total of \$144,298 (\$5,639 ineligible and \$138,659 unsupported). The ineligible questioned costs totaling \$5,639 were related to cancelled payments included as costs incurred. The unsupported questioned costs were related to: (1) bank and service charges of \$556 not reported and (2) over reporting of payroll charges totaling \$138,103.

The audit firm identified one material weaknesses in internal control and one instance of material noncompliance related to the unsupported questioned costs totaling \$138,103 described above. The audit firm issued a management letter which included minor internal control deficiencies.

The audit firm determined that counterpart contributions were made and accounted for by MOEYI in accordance with the agreement terms.

Additionally, in a note to the fund accountability statement, the auditors included a list of the project's non-expendable items; however, they did not provide information regarding the final disposition of these assets. We are not making a formal recommendation on this issue, but we ask that the Agreement Officer review this issue as part of the closeout process.

According to the agreement standard provisions, revision of award budget, the recipient should get the Agreement Officer approval before making budget shifts that exceed 10 percent of the total budget. We noted that the fund accountability statement included budget overruns that exceeded 10 percent. We are not making a formal recommendation on this issue; however, we bring this to the Agreement Officer's attention to verify that the recipient addressed the issues noted.

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 controller, dated May 26, 2020

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

Recommendation 1. Determine the allowability of \$144,298 in questioned costs (\$5,639 ineligible and \$138,659 unsupported) on page 13 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that MOEYI corrects the one material weaknesses in internal control detailed on page 21 of the audit report.

Recommendation 3. Verify that MOEYI corrects the one instance of material noncompliance detailed on page 23 of the 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”).