



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 8, 2021

**TO:** USAID/Haiti Mission Director, Christopher Cushing

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

**SUBJECT:** Financial Audit of the BRIDGE Project in Haiti, Managed by Institut Pour la Santé, la Population et le Développement, Cooperative Agreement 72052120CA00003, December 10, 2019, to September 30, 2020 (9-521-22-007-R)

This memorandum transmits the final audit report on the BRIDGE Project in Haiti. Institut pour la Santé, la Population et le Développement (ISPD) contracted with the independent certified public accounting firm Experts Conseils Et Associés 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 peer review because such program is not offered in Haiti. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ISPD'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 to (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate ISPD's internal controls; (3) determine whether ISPD complied with award terms and applicable laws and regulations; and (4) determine if cost-sharing contributions were made and accounted for by ISPD in accordance with the terms of the agreement. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to the project; assessed and tested compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$2,031,926 of USAID expenditures for the audited period.

---

<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.

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 \$44,363 in total questioned costs (\$15,992 ineligible and \$28,371 unsupported). The questioned costs were related to: (1) expenses incurred by a sub-recipient that were not supported with adequate documentation totaling \$14,623 and unsupported indirect costs of \$13,748 and (2) ineligible questioned costs of \$15,992 related to an indirect cost surplus charged for sub-awards.

The audit firm identified six material weaknesses in internal control related to: (1) recording of inter-funds transactions not adequately and independently reviewed in the accounting system; (2) expenditures not adequately supported; (3) indirect costs not adequately calculated; (4) advances to employees, suppliers, and partners not adequately monitored; (5) inadequate control and review of disbursements; and (6) receivable and payable accounts not appropriately managed and segregated.

The audit firm also identified four significant deficiencies in internal control related to: (1) inadequate control of medicine's inventory; (2) deduction of taxes on contracts signed with third parties not remitted to the fiscal authorities on time; (3) suspension and debarment checks not performed by ISPD for suppliers, contractors, and employees; and (4) review of the supporting documents related to taxes payments not adequately performed. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Haiti determine if the recipient addressed the issues noted.

The audit firm identified four instances of noncompliance related to: (1) expenditures not adequately supported; (2) indirect costs not adequately calculated; (3) deduction of taxes on contracts signed with third parties not remitted to the fiscal authorities on time; and (4) suspension and debarment checks not performed by ISPD for suppliers, contractors, and employees.

On the cost sharing contribution schedule, the audit firm stated that based on their review, except for unsupported questioned costs of \$58,214, nothing came to their attention that caused them to believe that ISPD did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the schedule.

During our desk review, we noted several issues which the audit firm should consider when preparing future audit reports. We presented these issues in a memo to the controller, dated November 8, 2021.

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

**Recommendation 1.** Determine the allowability of \$44,363 in questioned costs (\$15,992 ineligible, \$28,371 unsupported) on pages 11 and 12 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Determine the allowability of \$58,214 in unsupported cost sharing contributions questioned costs on pages 24 and 25 of the audit report and recover any amount that is unallowable.

**Recommendation 3.** Verify that ISPD corrects the six material weaknesses in internal control detailed on page 27 of the audit report.

**Recommendation 4.** Verify that ISPD corrects the four instances of noncompliance detailed on page 41 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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”).