



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 19, 2022

TO: USAID/Haiti Deputy Mission Director, Oghale Oddo

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

SUBJECT: Financial Audit of the Epidemic Control Among Priority Populations Program Managed by Fondation Serovie in Haiti, Cooperative Agreement 72052120CA00004, October 1, 2020, to September 30, 2021 (9-521-22-031-R)

This memorandum transmits the final audit report on the Epidemic Control Among Priority Populations Program. Fondation Serovie 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 Fondation Serovie's schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate Fondation Serovie's internal controls; (3) determine whether Fondation Serovie complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by Fondation Serovie in accordance with the terms of the agreement; and (5) determine if Fondation Serovie 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; assessed and tested compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$3,494,906 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 schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$695,297 in total questioned costs (\$619,411 ineligible and \$75,886 unsupported). The unsupported questioned costs were related to (1) inadequate controls over vehicle fuel of \$11,058, (2) inadequate controls over generator fuel of \$15,449, (3) expenditures not adequately supported of \$41,356, (4) unsupported indirect costs of \$4,295, and (5) vehicles rental costs totaling \$3,728 not adequately supported. The ineligible questioned costs were related to budget overruns totaling \$619,411.

The audit firm identified in the schedule of expenditures of USAID awards an exchange rate adjustment of \$32,810. We are not making a recommendation regarding this adjustment. However, we suggest that USAID/Haiti determine the allowability of the \$32,810 and recover any amount determined to be unallowable.

The audit firm identified six material weaknesses in internal control and seven significant deficiencies. The material weaknesses were related to (1) questioned costs detailed above, (2) balances of bank accounts not adequately reported, and (3) cost allocations not adequately documented. The audit firm identified six instances of material noncompliance related to the questioned costs detailed above and lack of implementation of special conditions included in the cooperative agreement. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID/Haiti determine if the recipient addressed the issues noted.

The audit firm stated that based on their review, nothing came to their attention that caused them to believe that Fondation Serovie did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing contributions schedule.

Additionally, the audit firm determined that the recipient corrected prior audit report recommendations.

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

Recommendation 1. Determine the allowability of \$695,297 in questioned costs (\$619,411 ineligible and \$75,886 unsupported) on pages 12 and 13 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Fondation Serovie corrects the six material weaknesses in internal control detailed on page 26 of the audit report.

Recommendation 3. Verify that Fondation Serovie corrects the six instances of material 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”).