



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

### MEMORANDUM

**DATE:** September 10, 2024

**TO:** USAID/Indonesia Mission Director, Jeff P. Cohen

**FROM:** Asia Regional Office, Assistant Director, Rhonda M. Horried /s/

**SUBJECT:** Financial Audit of Landscape Approach to Sustainable and Climate Change Resilient Cocoa and Coffee Agroforestry Project, Managed by PT Olam Indonesia, Cooperative Agreement 72049723CA00001, December 2, 2022, to December 31, 2023 (5-497-24-047-R)

This memorandum transmits the final audit report on Landscape Approach to Sustainable and Climate Change Resilient Cocoa and Coffee Agroforestry project managed by PT Olam Indonesia under cooperative agreement 72049723CA00001, from December 2, 2022, to December 31, 2023. PT Olam Indonesia contracted with the independent audit firm, Tanubrata Sutanto Fahmi Bambang & Rekan to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, the audit firm disclosed that it did not have continuing professional education and external peer review programs that fully satisfy GAGAS requirements because professional organizations in Indonesia do not provide 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 the recipient's schedule of expenditures of USAID awards; 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 PT Olam Indonesia's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate PT Olam Indonesia's internal controls related to the USAID-funded project; and (3) determine whether PT Olam Indonesia complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted this financial audit that covered costs of \$1,010,877, for the audited period.

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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 items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting workpapers; they are not designed to enable us to directly evaluate the quality of the audit performed.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues, and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs, any material weaknesses in internal control, or any material instances of noncompliance. The audit firm issued a management letter that had no material issues that required a recommendation.

During our desk review, we noted areas for improvement that the audit firm will need to address in its future audit reports. We presented these deficiencies in a memorandum to the mission controller dated September 10, 2024.

The report does not include any recommendations for your action.

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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.<sup>2</sup>

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oinotice\\_ndaa5274@usaid.gov](mailto:oinotice_ndaa5274@usaid.gov).