



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 15, 2024

TO: USAID/Indonesia Mission Director, Jeffery P. Cohen

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

SUBJECT: Financial Audit of Enhanced MDR-TB Services Through Network of Private Hospital Managed by Majelis Pembinaan Kesehatan Umum Pimpinan Pusat Muhammadiyah in Indonesia, Cooperative Agreement 72049720CA00001, January 1 to December 31, 2023 (5-497-25-004-R)

This memorandum transmits the final audit report on the Enhanced MDR-TB Services Through Network of Private Hospital managed by Majelis Pembinaan Kesehatan Umum Pimpinan Pusat Muhammadiyah (MPKU PP Muhammadiyah), under the cooperative agreement 72049720CA00001, for the period covering January 1 to December 31, 2023. MPKU PP Muhammadiyah contracted with the independent audit firm, Johan Malonda Mustika & Rekan to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. 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.¹

The audit objectives were mainly to (1) express an opinion on whether MPKU PP Muhammadiyah's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate MPKU PP Muhammadiyah's internal controls related to the USAID-funded project; and (3) determine whether MPKU PP Muhammadiyah 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 \$1,784,942, 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 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 November 15, 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.²

² 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.