



## MEMORANDUM

**DATE:** July 31, 2018

**TO:** USAID/Eastern and Southern Caribbean Mission Director, Christopher E. Cushing

**FROM:** Regional Inspector General/San Salvador, Audit Manager, Brad Moore /s/

**SUBJECT:** Audit of the Climate Change Adaptation Program Managed by the Caribbean Community Climate Change Centre, 538-IL-DO3-5C-2016-001, July 12, 2016 to June 30, 2017 (I-538-18-031-R)

This memorandum transmits the final audit report on the USAID's Climate Change Adaptation Program (USAID-CCAP). The Caribbean Community Climate Change Centre (CCCCC) contracted with the independent certified public accounting firm Amory González, C.P.A to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup>

The audit firm states that it performed the audit in accordance with generally accepted government auditing standards except that the audit firm did not have an external peer review. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CCCCC's fund accountability statement; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations<sup>2</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 CCCCC's internal controls; and (3) determine whether CCCCC complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm reported that

---

<sup>1</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, follows the Guidelines

<sup>2</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.

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 \$3,020,363 in USAID funds for the year ended June 30, 2017.

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.

Amory Gonzalez, C.P.A. identified two material significant internal control deficiencies related to: (a) unnecessary advance payment; and (b) delayed installation of equipment purchased and 7 missing pyrometers and antenna cables. The auditors did not determine the amount of questioned costs for these significant deficiencies; therefore, we are recommending that the mission direct CCCCC to resolve the internal control deficiencies and determine the amount of questioned costs related to the missing pyrometers and antenna cables.

Amory Gonzalez, C.P.A did not identify any material instances of noncompliance with applicable laws, regulations, and agreement terms. The audit firm reported a scope limitation of work.

To address the issues identified in the report, we recommend that USAID/Eastern and Southern Caribbean:

**Recommendation 1.** Determine the allowability of the unsupported questioned costs related to the missing pyrometers and antenna cables identified on page 20 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that CCCCC corrects the two significant deficiencies in internal controls detailed on pages 17 and 18 of the audit report.

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

The 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").