



MEMORANDUM

DATE: November 1, 2018

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

FROM: Regional Inspector General/San Salvador, Assistant Director, Brad Moore /s/

SUBJECT: Audit of the Pan Caribbean Partnership Against HIV/AIDS Program and Project Accountant, and Closeout Audit of PEPFAR Regional Program Local Capacity Initiative Under Multiple Implementation Letters, Managed by the Caribbean Community Secretariat, January 1, 2017, to December 31, 2017 (I-538-19-004-R)

This memorandum transmits the final audit report on the Pan Caribbean Partnership Against HIV/AIDS Program (PANCAP), Project Accountant, and PEPFAR Regional Program Local Capacity Initiative (LCD) Under Multiple Implementation Letters. The Caribbean Community Secretariat (CARICOM) contracted with the independent certified public accounting firm TSD LAL & Co. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

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 a continuing education program that fully complies with GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CARICOM's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

² 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 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 CARICOM's internal controls; (3) determine whether CARICOM complied with award terms and applicable laws and regulations; and (4) determine if CARICOM 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, compliance with applicable laws, regulations, the agreement's provisions, and reviewed project expenditures. The audit covered \$1,689,256 in USAID funds for the audited period.

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.

The audit firm did not identify any material internal control weaknesses or instances of noncompliance with applicable laws, regulations, and agreement terms.

Additionally, the audit firm determined that there were not prior audit findings or recommendations to follow-up.

The audit firm reported an outstanding fund balance of \$2,630 as of the end of the audit period, which had not been refunded to USAID. We are including this as questioned costs in Recommendation I.

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

Recommendation I. Determine the allowability of \$2,630 in ineligible questioned costs on page 20 of the audit report related to the outstanding balance and recover any amount that is unallowable.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended during the engagement.

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").