



MEMORANDUM

DATE: February 26, 2019

TO: USAID/Jordan, Mission Director, Jim Barnhart

FROM: Middle East/Eastern Europe Regional Office Frankfurt, Assistant Audit Director, Saiming T. Wan /s/

SUBJECT: Fund Accountability Statement Audit of Questscope, USAID Non-Formal Education Program in Jordan, Cooperative Agreement AID-278-A-16-00001, January 1 to December 31, 2017 (8-278-19-005-N)

This memorandum transmits the final audit report on the USAID Non-Formal Education Program in Jordan, cooperative agreement AID-278-A-16-00001, from January 1, 2017 to December 31, 2017. USAID/Jordan contracted with the independent certified public accounting firm Ernst & Young 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 its audit in accordance with generally accepted government auditing standards except that the audit firm did not have an external quality control review by an unaffiliated audit organization since no such program is offered by professional organizations in Jordan. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Questscope's fund accountability statement; the effectiveness of its internal control; or its compliance with the

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

award, laws, and regulations.²

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 Questscope's internal controls; (3) determine whether Questscope complied with award terms and applicable laws and regulations (including cost share); and (4) determine whether Questscope has taken corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm reported that they reviewed relevant criteria, program documentation and procedures, tested internal controls, and reviewed expense balances. The audit covered \$1,913,067 for the period from January 1, 2017 to December 31, 2017.

The audit firm concluded the fund accountability statement presented fairly, in all material respects. The auditors did not identify any material instances of noncompliance with the award terms conditions, and applicable laws and regulations. In addition, the auditors reviewed the cost sharing schedule and reported no issues with it. However, the auditors noted one significant deficiency in internal control that related to Questscope not having a system in place to capture employee time spent on the program.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated February 26, 2019.

To address the issue identified in the report, we recommend that USAID/Jordan:

Recommendation I. Verify that Questscope corrects the significant deficiency instance noted on page 17 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach 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").

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.