



MEMORANDUM

DATE: January 31, 2020

TO: USAID/Dominican Republic Mission Director, Art Brown

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, through Global and Strategic Audits Division (GSAD) Assistant Director, Pamela Hamilton /s/

SUBJECT: Financial Audit of the USAID Read Program, Managed by Universidad Iberoamericana, Cooperative Agreement AID-517-A-15-00005, January 1 to December 31, 2018 (9-517-20-018-R)

This memorandum transmits the final audit report on the USAID Read Program. Universidad Iberoamericana (UNIBE) contracted with the independent certified public accounting firm KPMG Dominicana to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in Dominican Republic. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on UNIBE's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 UNIBE's internal controls; (3) determine whether UNIBE complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by UNIBE in accordance with the terms of the agreement; and (5) determine if UNIBE 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 \$5,232,459 of USAID expenditures for the

¹ 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.

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 identified one internal control significant deficiency and one instance of material noncompliance with applicable laws, regulations, and agreement terms related to a cost sharing shortfall totaling \$575,845. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Dominican Republic determines if the recipient addressed the issue noted. The audit firm issued a management letter which included one minor internal control deficiency.

The audit firm stated that based on their review, except for a cost sharing shortfall of \$575,845, nothing came to their attention that caused them to believe that UNIBE did not fairly present the cost sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing schedule.

Although the audit firm reported that three recommendations from prior audits were in the process of being addressed, we verified that the recipient has taken adequate corrective actions on prior audit report recommendations.

Furthermore, we noted that the indirect cost included in the fund accountability statement by UNIBE was higher than the budgeted amount for the period audited by \$56,503. We are not making a formal recommendation on this issue, but we suggest that USAID/Dominican Republic determines if the recipient addressed the issue noted.

During our desk review, we noted several minor issues which the audit firm should address in future audit reports. We presented these issues in a memo to the controller, dated January 31, 2020.

To address the issues identified in the report, we recommend that USAID/Dominican Republic:

Recommendation I. Verify that UNIBE corrects the instance of material noncompliance detailed on page 47 of the audit report.

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”).