



MEMORANDUM

DATE: July 20, 2020

TO: USAID/Haiti Mission Director, Christopher Cushing

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, Senior Auditor, John Vernon /s/

SUBJECT: Financial Audit of the Aksyon Kominote Nan Sante Pou Ogmante Nitrisyon Project in Haiti, Managed by Fondasyon Kole Zepòl, Cooperative Agreement AID-521-A-16-00002, for the Fiscal Year Ended December 31, 2019 (9-521-20-028-R)

This memorandum transmits the final audit report on Aksyon Kominote Nan Sante Pou Ogmante Nitrisyon project. Fondasyon Kole Zepòl (FONKOZE) contracted with the independent certified public accounting firm Experts Conseils et Associés to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted U.S. government auditing standards. However, it did not have an external peer review because such program is not offered in Haiti. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on FONKOZE'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 FONKOZE's internal controls; (3) determine whether FONKOZE complied with award terms and applicable laws and regulations; and (4) determine if FONKOZE 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 \$2,270,895 of USAID expenditures 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 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 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 material weakness and one significant deficiency in internal control. The material weakness was related to inadequate review of supporting documentation and the significant deficiency was related to inadequate process to prepare financial reports. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/Haiti determines if the recipient addressed the issue noted. The audit firm did not identify any instances of material noncompliance with applicable laws, regulations, and agreement terms.

The audit firm determined that the recipient has taken adequate corrective actions on prior audit report recommendations. However, one prior finding was identified in this audit related to the material weakness in internal control reported above.

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

Recommendation 1. Verify that FONKOZE corrects the material weakness in internal control detailed on pages 20 and 21 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").