



## MEMORANDUM

**DATE:** September 24, 2019

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

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

**SUBJECT:** Financial Audit of the Climate Change Adaptation Program Managed by the Caribbean Community Climate Change Centre, 538-IL-DO3-5C-2016-001, July 1, 2017, to June 30, 2018 (9-538-19-042-R)

This memorandum transmits the final audit report on USAID's Climate Change Adaptation Program (USAID-CCAP). 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 a continuing education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in Guatemala. 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 control; or its compliance with the award, laws, and regulations.<sup>2</sup>

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 On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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

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; (3) determine whether CCCCC complied with award terms and applicable laws and regulations; and (4) determine if CCCCC 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 \$4,386,309 of USAID expenditures 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 weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. The audit firm reported a scope limitation of work in the report on compliance. The limitation disclosed was that the audit firm could not obtain a copy of the agreement from the Caribbean Community (CARICOM), the entity that signed the agreement with USAID and delegated CCCCC to implement the activities. The audit firm issued a management letter which included some minor internal control deficiencies.

According to the agreement standard provisions, revision of award budget, the recipient should get the Agreement Officer approval before making budget shifts that exceed 10 percent of the total budget. We noted that the fund accountability statement included budget overruns that exceeded 10 % of the total budget. We are not making a formal recommendation on this issue; however we bring this to the Agreement Officer's attention to verify that the recipient addressed the issues noted.

Based on the results of the desk review, OIG is not making any recommendation to USAID/ Eastern and Southern Caribbean.

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").