



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: November 20, 2023

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch, Supervisory Auditor, Sheree F. Marshall

FROM: Director of External Financial Audit Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Single Audit of JSI Research and Training Institute, Inc. and Affiliates for the Year Ended September 30, 2019 (3-000-24-008-T)

This memorandum transmits the final audit report on the single audit of JSI Research and Training Institute, Inc., and Affiliates (JSI) for the Year Ended September 30, 2019. The audit report was obtained from the Federal Audit Clearinghouse. Grant Thornton LLP (Grant Thornton) performed the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards audit in accordance with U.S. Government accounting standards issued by the Comptroller General of the United States. Grant Thornton is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on JSI's fund financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

Grant Thornton's audit objectives were to: (1) audit JSI's September 30, 2019, consolidated financial statements and express an opinion on them; (2) obtain reasonable assurance about whether JSI's combined financial statements are free from material misstatement; and (3) report on its consideration of the JSI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. To answer the audit objectives, Grant Thornton: (1) obtained evidence about the amounts and disclosures in the consolidated financial statements; (2) evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management and evaluated the overall presentation of the financial statements; and (3) considered internal control relevant to the Entity's preparation and fair

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.

presentation of the consolidated financial statements. JSI's audited expenditures of Federal awards was \$175,271,691, of which the U.S. Agency for International Development's (USAID) audited expenditures amounted to \$141,859,398.

Grant Thornton expressed an unmodified opinion on the financial statements and stated that the financial statements presented fairly, in all material respects, JSI's consolidated financial position as of September 30, 2019. Further, on internal control over financial reporting, Grant Thornton reported it identified one material weakness, one significant deficiency not considered to be material weaknesses, and no noncompliance material to the financial statements. On internal control over major programs, Grant Thornton concluded it did not identify any material weaknesses or significant deficiencies not considered to be material weaknesses and no audit findings required to be reported under "2 CFR section 200.516(a). Finally, Grant Thornton did not identify any questioned costs in its Federal awards audit for the year ended September 30, 2019. Although we are not making a recommendation for the significant deficiency not considered to be a material weakness noted in the report, we suggest that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch determine if JSI addressed the issue noted.

To address the material weakness issue identified in the report, we recommend that USAID/Management/Office of Acquisition and Assistance/Cost, Audit, and Support Division, Contract Audit Management Branch:

Recommendation I: Verify that JSI Research and Training Institute, Inc. and Affiliates corrects one material weakness in internal control over financial reporting detailed on page 29 of the audit report.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.