



MEMORANDUM

DATE: September 23, 2021

TO: USAID/Dominican Republic Mission Director, Rebecca Latorraca

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

SUBJECT: Financial Audit of the USAID Read Program, Managed by Universidad Iberoamericana in the Dominican Republic, Cooperative Agreement AID-517-A-15-00005, January 1 to December 31, 2020 (9-517-21-030-R)

This memorandum transmits the final audit report on the USAID Read Program. Universidad Iberoamericana (UNIBE) contracted with the independent certified public accounting firm BDO, S.R.L. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organizations. 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

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.

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; assessed and tested compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$3,216,533 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 identified two internal control significant deficiencies related to a cost sharing shortfall totaling \$67,732 and lack of physical inventory of assets held by third parties. The audit firm identified one instance of noncompliance with applicable laws, regulations, and agreement terms related to a cost sharing shortfall totaling \$67,732. Although we are not making a recommendation for the significant deficiencies or the non-material instance of noncompliance noted in the report, we suggest that USAID/Dominican Republic determine if the recipient addressed the issues noted.

The audit firm stated that based on their review, except for a cost sharing shortfall of \$67,732, nothing came to their attention that caused them to believe that UNIBE did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing contributions schedule.

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/Dominican Republic.

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").