



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 7, 2023

TO: USAID/Haiti, Mission Director, Jennifer Link

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 Epidemic Control Among Priority Populations Program Managed by Fondation Serovie in Haiti, Cooperative Agreement 72052120CA00004, October 1, 2021, to September 30, 2022 (9-521-23-020-R)

This memorandum transmits the final audit report on Epidemic Control Among Priority Populations Program. Fondation Serovie contracted with the independent audit firm Experts Conseils et Associés 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 an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Fondation Serovie's schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate the Fondation Serovie's internal controls; (3) determine whether Fondation Serovie complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by Fondation Serovie in accordance with the terms of the agreement; and (5) determine if Fondation Serovie 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 \$3,504,008 of USAID expenditures for the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited

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.

except for \$31,248 in total questioned costs (\$1,250 ineligible and \$29,998 unsupported). The questioned costs were related to (1) inadequate control over vehicles and generators fuel totaling \$19,198; (2) expenditure not adequately supported of \$7,500, and an unallowable expenditure totaling \$1,250; and (3) vehicles rental costs totaling \$3,300 not adequately supported.

The audit firm identified three material weaknesses in internal control and six significant deficiencies. Two material weaknesses and one significant deficiency were related to the questioned costs detailed above. The last material weakness was related to balances of bank accounts not adequately reported. The audit firm identified five instances of material noncompliance related to (1) questioned costs detailed above, (2) lack of implementation of special conditions included in the cooperative agreement; and (3) payroll taxes withheld but not timely remitted to the fiscal authorities. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Haiti determine if the recipient addressed the issues noted.

The audit firm stated that based on their review, nothing came to their attention that caused them to believe that Fondation Serovie 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.

The audit firm determined that the recipient has (a) implemented corrective actions on six prior audit recommendations; (b) partially implemented corrective actions on three prior audit recommendations; and (c) not fully implemented corrective actions on four prior audit recommendations.

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

Recommendation 1. Determine the allowability of \$31,248 in questioned costs (\$1,250 ineligible and \$29,998 unsupported) on pages 15 and 16 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Fondation Serovie corrects the three material weaknesses in internal control detailed on page 24 of the audit report.

Recommendation 3. Verify that Fondation Serovie corrects the five instances of material noncompliance detailed on page 36 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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.