



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** February 8, 2024

**TO:** USAID/Indonesia, Mission Director, Jeffery P. Cohen

**FROM:** Deputy Assistant Inspector General for Audit, Christine M. Byrne /s/

**SUBJECT:** Financial Audit of Enhanced MDR-TB Services Through Network of Private Hospital Managed by Majelis Pembinaan Kesehatan Umum Pimpinan Pusat Muhammadiyah in Indonesia, Cooperative Agreement 72049720CA00001, January 1 to December 31, 2022 (5-497-24-015-R)

This memorandum transmits the final audit report on the Enhanced MDR-TB Services Through Network of Private Hospital managed by Majelis Pembinaan Kesehatan Umum Pimpinan Pusat Muhammadiyah (MPKU PP Muhammadiyah) in Indonesia, under cooperative agreement 72049720CA00001, for the period covering January 1 to December 31, 2022. MPKU PP Muhammadiyah contracted with the independent firm Johan Malonda Mustika & Rekan to conduct the audit. The firm stated it performed its audit in accordance with generally accepted government auditing standards and USAID Financial Audit Guide for Foreign Organizations. However, it did not have a continuing professional education program or an external peer review program that fully satisfy the standards' requirements because professional organizations in Indonesia do not offer external peer review programs. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the recipient's schedule of expenditures of USAID awards, the effectiveness of its internal control, or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were mainly to: (1) express an opinion on whether the schedule of expenditures of the USAID award for the period audited was presented fairly in all material respects; (2) evaluate MPKU PP Muhammadiyah's internal controls; and (3) determine whether MPKU PP Muhammadiyah complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered total costs of \$5,023,230 for the period from January 1 to December 31, 2022.

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<sup>1</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 firm concluded that the schedule of expenditures of USAID award presented fairly, in all material respects, funds received, and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. The audit firm issued a management letter.

During our desk review, we noted areas for improvement which the audit firm should address in future audit reports, which we presented in a memo to the controller, dated February 8, 2024.

The report does not include any recommendations for your action.

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.<sup>2</sup>

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<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).