



## MEMORANDUM

**DATE:** October 16, 2020

**TO:** USAID/Guatemala Mission Director, Anupama Rajaraman

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

**SUBJECT:** Financial Audit of Feed the Future Guatemala, Coffee Value Chains Project, Managed by Federación de Cooperativas Agrícolas de Productores de Café de Guatemala, Cooperative Agreement 72052018CA00001, January 1 to December 31, 2019 (9-520-21-002-R)

This memorandum transmits the final audit report on Feed the Future Guatemala, Coffee Value Chains Project. Federación de Cooperativas Agrícolas de Productores de Café de Guatemala (FEDECOCAGUA) contracted with the independent certified public accounting firm García Sierra y Asociados 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 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 FEDECOCAGUA's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 FEDECOCAGUA's internal controls; (3) determine whether FEDECOCAGUA complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by FEDECOCAGUA in accordance with the terms of the agreement; and (5) determine if FEDECOCAGUA has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, the audit firm reported that they

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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.

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 \$3,039,231 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 one material weakness in internal control related to project funds not maintained in an interest-bearing account. Since the audit firm reported that corrective actions have been taken to address the material weakness, we are not making a recommendation regarding this finding. However, we suggest that USAID/Guatemala confirm whether FEDECOCAGUA repaid \$4,952 in imputed interest the recipient would have been earned had it deposited USAID funds in an interest-bearing account.

The audit firm did not identify any material instances of material noncompliance with applicable laws, regulations, and agreement terms. The audit firm issued a management letter which included follow-up on minor internal control deficiencies from prior year.

The audit firm stated that based on their review, nothing came to their attention that caused them to believe that FEDECOCAGUA did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the costs sharing contributions schedule.

Based on the results of the desk review, OIG is not making any recommendation to USAID/Guatemala.

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").