



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 6, 2022

TO: USAID/Peru Mission Director, Jene Thomas

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

SUBJECT: Financial Audit of Centro de Información y Educación Para la Prevención del Abuso de Drogas in Peru Under Two Awards for the Fiscal Year Ended December 31, 2021 (9-527-22-025-R)

This memorandum transmits the final audit report on Centro de Información y Educación Para la Prevención del Abuso de Drogas (CEDRO) under the following awards:

Award Name (Type)	Award Number	Audit Period
Alliance for Digital and Financial Services Project (cooperative agreement)	72052718CA00003	January 1, 2021, to December 31, 2021
COVID-19 Response: Alliance for Social and Economic Recovery in the Peruvian Amazon Project (cooperative agreement)	72052720CA00002	January 1, 2021, to December 31, 2021

CEDRO contracted with the independent certified public accounting firm Noles Monteblanco & Asociados to conduct the audit. The audit firm stated that 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 education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in Peru. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CEDRO's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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.

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 CEDRO's internal controls; and (3) determine whether CEDRO complied with award terms and applicable laws and regulations. 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 \$3,431,470 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.

The audit firm did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. The audit firm issued a management letter which included minor internal control deficiencies.

During our desk review, we noted several minor issues which the audit firm should consider when preparing future audit reports. We presented these issues in a memo to the controller, dated September 6, 2022.

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

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").