



MEMORANDUM

DATE: April 26, 2018

TO: USAID/Peru Mission Director, Lawrence Rubey

FROM: Regional Inspector General/San Salvador, Audit Manager, Brad Moore /s/

SUBJECT: Audit of Universidad Peruana Cayetano Heredia's Management of the Amazonia Reads Project in Peru, Cooperative Agreement AID-527-A-15-00003, January 1 to December 31, 2016 (I-527-18-021-R)

This memorandum transmits the final audit report on the Amazonia Reads Project in Peru Managed by Universidad Peruana Cayetano Heredia. Universidad Peruana Cayetano Heredia contracted with the independent certified public accounting firm RSM Panez, Chacaliza & Asociados Sociedad Civil de R.L. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm states that it performed the audit in accordance with generally accepted government auditing standards, except that the audit firm did not have an external peer review. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the Universidad Peruana Cayetano Heredia's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

² 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 fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate the Universidad Peruana Cayetano Heredia's internal controls; (3) determine whether Universidad Peruana Cayetano Heredia complied with award terms and applicable laws and regulations; and (4) determine if cost-sharing contributions were made and accounted for by Universidad Peruana Cayetano Heredia in accordance with the agreement terms. To answer the audit objectives, the audit firm reported that they 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 \$1,613,999 in USAID funds for the period ended December 31, 2016.

The audit concluded that the fund accountability statement presented fairly, in all material respects, the program revenues and costs incurred under the award for the period audited.

RSM Panes, Chacaliza & Asociados Sociedad Civil de R.L did not identify any material internal control weaknesses or instances of noncompliance with applicable laws, regulations, and agreement terms.

Based on the results of the desk review, OIG is not making any recommendations to USAID/Peru's management.

We appreciate the assistance extended during the engagement.

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").