



## MEMORANDUM

**DATE:** April 27, 2018

**TO:** USAID/ Colombia Mission Director, Lawrence Sacks

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

**SUBJECT:** Audit of Fondo Para la Acción Ambiental y la Niñez's Management of the Connected Landscapes Program in Colombia, Cooperative Agreement AID-530-A-13-00005, January 1 to December 31, 2016 (I-530-18-022-R)

This memorandum transmits the final audit report on Connected Landscapes program in Colombia. Fondo Para la Acción Ambiental y la Niñez contracted with the independent certified public accounting firm of PricewaterhouseCoopers Ltda. 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.<sup>1</sup>

The audit firm states that it performed the audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on Fondo Para la Acción Ambiental y la Niñez's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</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

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

<sup>2</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.

Fondo Para la Acción Ambiental y la Niñez's internal controls; and (3) determine whether Fondo Para la Acción Ambiental y la Niñez 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, compliance with applicable laws, regulations, the agreement's provisions, and reviewed project expenditures. The audit covered \$2,315,989, in USAID funds for the period ended December 31, 2016.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, project revenues and costs incurred under the award for the period audited. However, during our review of the management letter, we noted that the audit firm should have identified as ineligible questioned costs on the fund accountability statement interests earned but not returned to USAID totaling \$713. Although we are not making a formal recommendation for the \$713 in unsupported questioned costs since the amount is below our threshold, USAID/Colombia should review the unsupported questioned costs of \$713 identified in the audit report and recover from the recipient the amounts determined to be unallowable.

PricewaterhouseCoopers Ltda. did not identify any material internal control weaknesses or instances of noncompliance with applicable laws and regulations and agreement terms.

Based on the review, OIG is not making any recommendation to USAID/Colombia'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").