



## MEMORANDUM

**DATE:** July 17, 2018

**TO:** USAID/Guatemala Mission Director, John Beed

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

**SUBJECT:** Closeout Audit of the Rural Value Chains Program Managed by Asociación Guatemalteca de Exportadores, Cooperative Agreement AID-520-A-12-00003, January 1, 2016, to August 22, 2017. (I-520-18-027-R)

This memorandum transmits the final audit report on Rural Value Chains Program in Guatemala. The Asociación Guatemalteca de Exportadores (AGEXPORT) contracted with the independent certified public accounting firm Aldana, Rodríguez y Asociados, S.C. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup>

The audit firm states that it performed its 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 AGEXPORT'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 AGEXPORT's internal controls; (3) determine whether AGEXPORT complied with award

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 On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

terms and applicable laws and regulations; (4) determine if cost sharing contributions were made and accounted for by AGEXPORT in accordance with the agreement terms; and (5) determine if AGEXPORT has taken adequate corrective action on prior audit report recommendations. 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 \$8,966,073 in USAID expenditures for the period ended August 22, 2017.

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.

Aldana, Rodríguez y Asociados, S.C. 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/Guatemala.

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")