



MEMORANDUM

DATE: July 31, 2018

TO: USAID/Peru Mission Director, Lawrence Rubey

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

SUBJECT: Closeout Audit of Ministerio del Ambiente's Management of the Technical Assistance Program in Peru, Grant Agreement 527-0423, January 1, 2016, to April 30, 2017 (I-527-18-030-R)

This memorandum transmits the final audit report on Closeout Audit of Ministerio del Ambiente's Management of the Technical Assistance Program (MINAM-PAT), prepared by the Controller General of the Republic of Peru (CGR). The CGR signed a memorandum of understanding with the U.S. Agency for International Development (USAID) with the purpose of conducting audits of programs funded with USAID resources in accordance with generally accepted government auditing standards and the Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The CGR stated that it performed the audit in accordance with generally accepted government auditing standards, except that it did not participate in an external quality control review. The CGR is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MINAM-PAT's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

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

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

MINAM-PAT's internal controls; (3) determine whether MINAM-PAT complied with award terms and applicable laws and regulations; (4) determine if cost sharing contributions were made and accounted for by MINAM-PAT in accordance with the agreement terms; and (5) determine if MINAM-PAT has taken adequate corrective actions on prior audit report recommendations. To answer the audit objectives, the CGR 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 \$1,945,128 in USAID funds for the period ended April 30, 2017.

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

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

The CGR determined that cost sharing contributions were made and accounted for by MINAM-PAT in accordance with the agreement terms. Additionally, the CGR determined that MINAM-PAT has taken adequate corrective actions on prior audit report recommendations.

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").