



MEMORANDUM

DATE: December 20, 2018

TO: USAID/Colombia Mission Director, Lawrence Sacks

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, Assistant Director, Brad Moore /s/

SUBJECT: Financial Audit of Secretariado Nacional de Pastoral Social's Management of the Strengthening Program of Civil Society of Colombia, Cooperative Agreement AID-514-A-15-00004, January 1 to December 31, 2017 (I-514-19-017-R)

This memorandum transmits the final audit report on Strengthening Program of Civil Society of Colombia. Secretariado Nacional Pastoral Social (SNPS) contracted with the independent certified public accounting firm Ernst & Young Audit S.A.S. to conduct the audit. The audit firm stated that the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

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 report and the conclusions expressed in it. We do not express an opinion on SNPS's fund accountability statement; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.¹

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 SNPS's internal controls; (3) determine whether SNPS complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for SNPS in accordance with the agreement terms; and (5) determine if SNPS has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to

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 project; compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$4,783,660 in USAID funds for the audited period.

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.

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

Furthermore, during our review of the separate letter to management, we noted the following issues that the audit firm should have identified as unsupported questioned costs on the fund accountability statement totaling \$1,220 related to: (1) shortage in petty cash fund totaling \$69; (2) a difference between the balance reported by SNPS and the one reported by the sub-recipient (Popayan) totaling \$1,076; (3) a difference noted in the financial statements totaling \$75.

The audit firm determined that cost sharing contributions were made and accounted for by SNPS in accordance with the agreement terms. In our previous desk review of SNPS, issued on January 22, 2018, we made a recommendation for SNPS to correct 54 internal control deficiencies identified in the audit report. On July 16, 2018 we acknowledged the mission's management decision to verify that the recipient corrects these deficiencies by December 31, 2018. The audit firm determined that 15 internal control deficiencies are pending corrective action as of September 2018. Accordingly, while we emphasize the importance of the mission verifying corrective action on these remaining deficiencies, we will not include a recommendation in this report as it is being issued before the mission's target closure date.

To address the issues identified in the report, we recommend that USAID/Colombia:

Recommendation 1. Determine the allowability of \$1,220 in unsupported questioned costs on pages 5 through 7 of the management letter and recover any amount that is unallowable.

We ask that you provide your written notification of actions planned or taken to reach a management decision. 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").