



MEMORANDUM

DATE: September 24, 2019

TO: USAID/El Salvador Acting Mission Director, David Gosney

FROM: Latin America and Caribbean (LAC) Regional Office, through Global and Strategic Audits Division (GSAD) Assistant Director, Pamela Hamilton /s/

SUBJECT: Financial Audit of Fundación Para la Educación Integral Salvadoreña's Management of the Education for Children and Youth Project in El Salvador, Cooperative Agreement 519-A-13-00001, January 1 to December 31, 2018 (9-519-19-041-R).

This memorandum transmits the final audit report on the Education for Children and Youth Project in El Salvador. Fundación para la Educación Integral Salvadoreña (FEDISAL) contracted with the independent certified public accounting firm Elías & Asociados 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 and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

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 a continuing education program and an external peer review that fully complies with GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on FEDISAL'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¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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, 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.

FEDISAL's internal controls; (3) determine whether FEDISAL complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by FEDISAL in accordance with the terms of the agreement; and (5) determine if FEDISAL has taken adequate corrective actions on prior audit 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 \$3,990,707 of 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 weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms.

The audit firm determined that cost sharing contributions were made and accounted for by FEDISAL in accordance with agreement terms. Additionally, the audit firm stated that the previous audit report did not include audit recommendations.

Based on the results of the desk review, OIG is not making any recommendation to USAID/EI Salvador.

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").