



## MEMORANDUM

**DATE:** October 21, 2019

**TO:** USAID/Mexico Mission Director, Elizabeth Warfield

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

**SUBJECT:** Closeout Audit of the Schools Building Peace in the North of Mexico Program Managed by Fundación Mexicana de Apoyo Infantil, Cooperative Agreement AID-523-A-15-00007, January 1 to October 29, 2018 (9-523-20-003-R)

This memorandum transmits the final audit report on the Schools Building Peace in the North of Mexico Program. Fundación Mexicana de Apoyo Infantil (FMAI) contracted with the independent certified public accounting firm RSM Mexico to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in Mexico. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on FMAI's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</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 FMAI's internal controls; (3) determine whether FMAI complied with award terms and applicable laws and regulations; and (4) determine if cost-sharing contributions were made and accounted for by FMAI in accordance with the terms of the agreement. 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 \$966,177 of USAID funds for the audited period.

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<sup>1</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.

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 identified significant deficiencies and did not identify any material weaknesses in internal control. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Mexico determines if the recipient addressed the issues noted.

The audit firm identified one instance of material noncompliance related to a cost sharing shortfall totaling \$153,871. We are not making a formal recommendation on this issue because it is a close-out audit and there are no ongoing agreements with the recipient; however, we bring this to the Mission's attention to assist in the closeout process in order to recover the cost sharing shortfall.

The audit firm stated that based on their review, except for the cost sharing shortfall, nothing came to their attention that caused them to believe that FMAI did not fairly present the Cost Sharing Contributions Schedule, in all material respects, in accordance with the basis of accounting used to prepare the Cost Sharing Contributions Schedule.

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

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").