



MEMORANDUM

DATE: January 14, 2020

TO: USAID/Haiti Acting Mission Director, Gary Juste

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

SUBJECT: Financial Audit of Papyrus S.A. Under Multiple Awards in Haiti, October 1, 2017, to September 30, 2018 (9-521-20-016-R)

This memorandum transmits the final audit report on Papyrus S.A. under the following awards:

Award Name (Type)	Award Number
Smallholder Alliance for Sorghum in Haiti Program (SMASH) (cooperative agreement)	AID-521-A-14-CA0001
Konbit Program (cooperative agreement)	AID-521-A-15-00009
Local Enterprise Value Chain Enhancement Project (LEVE) (sub-contract)	SOL-521-12-000009

Papyrus S.A. contracted with the independent certified public accounting firm Gardère Expert-Comptable to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards except that 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 Haiti. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Papyrus S.A.'s fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 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 Papyrus S.A.'s internal controls; (3) determine whether Papyrus S.A. complied with award terms and applicable laws and regulations; (4) determine if Papyrus S.A. has taken adequate corrective actions on prior audit recommendations; (5) perform an audit of the indirect cost rate; and (6) express an opinion on the general purpose financial statements. 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 \$2,558,102 of USAID expenditures 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 except for \$16,877 in total questioned costs (\$14,284 ineligible and \$2,593 unsupported) . The ineligible questioned costs were related to the overstatement of indirect costs and the unsupported questioned costs were related to inadequate recording and allocation of costs to the appropriate project. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Haiti determine the allowability of the \$16,877 in questioned costs and recover any amount determined to be unallowable.

The audit firm identified two significant deficiencies in internal control and two non-material instances of noncompliance related to the questioned costs described above. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID/Haiti determine if the recipient addressed the issues noted.

The audit firm determined that the recipient has (a) implemented corrective action on seven prior audit recommendations; (b) partially implemented corrective action on three prior audit recommendations; and (c) not implemented any corrective action on one prior audit recommendation.

The audit firm concluded the general purpose financial statements presented fairly, in all material respects, the financial position of Papyrus S.A. as of September 30, 2018. Furthermore, the audit firm stated that the schedule of computation of indirect cost rate was fairly stated in all material respects in relation to the basic financial statements taken as whole.

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

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").