



MEMORANDUM

DATE: April 20, 2020

TO: USAID/Colombia Mission Director, Lawrence Sacks

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 the Electoral Process Activity in Colombia Managed by Corporación Misión de Observación Electoral, Cooperative Agreement AID-514-A-17-00002, for the Fiscal Year Ended December 31, 2018 (9-514-20-022-R)

This memorandum transmits the final audit report on the Electoral Process Activity in Colombia. Corporación Misión de Observación Electoral (MOE) contracted with the independent certified public accounting firm CPA BAAS S.A.S 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 an external peer review because such program is not offered in Colombia. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MOE's fund accountability statement; the effectiveness of its internal control; 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 MOE's internal controls; (3) determine whether MOE complied with award terms and applicable laws and regulations; and (4) determine if cost-sharing contributions were made and accounted for by MOE 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 \$1,457,926 of USAID expenditures for the audited period.

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 firm concluded the fund accountability statement (FAS) presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. However, the audit firm included ineligible questioned costs in the FAS totaling \$99. 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/Colombia determine the allowability of the \$99 in questioned costs and recover any amount determined to be unallowable.

The audit firm did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. However, the audit firm did identify one instance of nonmaterial noncompliance, related to the questioned costs discussed above. The audit firm issued a management letter which included minor internal control deficiencies.

The audit firm stated that based on their review, nothing came to their attention that caused them to believe that MOE did not fairly present the cost sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing schedule.

Additionally, the audit firm determined that the recipient has taken adequate corrective actions on prior audit report recommendations.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated April 20, 2020.

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

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").