



MEMORANDUM

DATE: June 29, 2020

TO: USAID/Haiti Acting Mission Director, Gary Juste

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, Senior Auditor, John Vernon /s/

SUBJECT: Financial Audit of Papyrus S.A. Under Multiple Awards in Haiti, 2018-2019 (9-521-20-027-R)

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

Award Name (Type)	Award Number	Period
Smallholder Alliance for Sorghum in Haiti Program (SMASH) (cooperative agreement)	AID-521-A-14-CA0001 (closeout audit)	October 1, 2018 to June 30, 2019
Konbit Program (cooperative agreement)	AID-521-A-15-00009	October 1, 2018 to September 30, 2019
Local Enterprise Value Chain Enhancement Project (LEVE) (sub-contract)	3-330-0214218 (closeout audit)	October 1, 2018 to May 31, 2019

Papyrus S.A. contracted with the independent certified public accounting firm GRF CPAs & Advisors to conduct the audit. The audit firm stated that it performed its 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 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) express an opinion on the schedule of computation of the indirect cost rate; and (5) 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 \$2,275,311 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. However, the audit firm identified ineligible questioned costs in the fund accountability statement for a total of \$21,616. The audit firm confirmed that the recipient reimbursed these questioned costs to USAID, therefore; we are not making a recommendation.

The audit firm identified significant deficiencies in internal control and significant instances of noncompliance. Although we are not making a recommendation for the significant deficiencies and significant instances of noncompliance noted in the report, we suggest that USAID/Haiti determines if the recipient addressed the issues noted. The audit firm issued a management letter which included minor internal control deficiencies and immaterial instances of noncompliance.

The audit firm concluded the financial statements presented fairly, in all material respects, the balance sheet of Papyrus S.A. as of September 30, 2019, and the related statements of income and expenditures, shareholders' equity and cash flows for the year then ended. Furthermore, the audit firm stated that the schedule of computation of indirect cost rate presents fairly, in all material respects, the indirect rate of Papyrus S.A. as of September 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

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").