



MEMORANDUM

DATE: September 24, 2020

TO: USAID/Colombia Mission Director, Lawrence Sacks

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

SUBJECT: Financial Audit of the Civil Society Participation With Conflict Victims Project in Colombia, Managed by Consultoría Para los Derechos Humanos y el Desplazamiento, Cooperative Agreement AID-514-A-14-00006, for the Fiscal Year Ended December 31, 2019 (9-514-20-039-R)

This memorandum transmits the final audit report on the Civil Society Participation with Conflict Victims Project in Colombia. Consultoría para los Derechos Humanos y el Desplazamiento (CODHES) 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 and OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹ 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 CODHES'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 CODHES's internal controls; and (3) determine whether CODHES complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm reported that

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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.

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 \$1,515,301 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 fund accountability statement included ineligible questioned costs totaling \$872. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation and the audit firm confirmed that the questioned costs were reimbursed to USAID, we are not making a recommendation.

The audit firm did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms.

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 September 24, 2020.

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

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").