



MEMORANDUM

DATE: November 4, 2020

TO: USAID/Brazil, Mission Director, Ted Gehr

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

SUBJECT: Financial Audit of Instituto Internacional de Educação do Brasil Under two Awards in Brazil, 2019 (9-512-21-006-R)

This memorandum transmits the final audit report on the Financial Audit of Instituto Internacional de Educação do Brasil (IIEB) under the following awards:

Award Name (Type)	Award Number	Period
Territorial and Environmental Engagement of Indigenous Lands in the South of the Amazonas State "PNGATI" (cooperative agreement)	AID-512-A-17-00001	January 1, 2019 to December 31, 2019
Promoting Well Being of Indigenous People in Roraima (cooperative agreement)	72051219CA00001	March 28, 2019 to December 31, 2019

IIEB contracted with the independent certified public accounting firm Mazars Auditores Independentes to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards, USAID Financial Audit Guide for Foreign Organizations, and International Standards on Auditing. However, it did not have a continuing education program that fully complies with GAGAS requirements or an external peer review because such program is not offered in Brazil. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an

opinion on IIEB'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 IIEB's internal controls; (3) determine whether IIEB complied with award terms and applicable laws and regulations; and (4) determine if cost-sharing contributions were made and accounted for by IIEB 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 \$1,216,643 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.

The audit firm did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. The audit firm issued a management letter which included follow-up of minor internal control deficiencies from the prior audit.

The audit firm determined that cost sharing contributions were made and accounted for by IIEB in accordance with the agreement terms.

During our desk review, we noted several issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated November 4, 2020.

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

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")

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.