



MEMORANDUM

DATE: November 30, 2020

TO: USAID/El Salvador Mission Director, David Gosney

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

SUBJECT: Financial Audit of the Promoción de la Participación Ciudadana en el Proceso Electoral y Debate Público Project in El Salvador Managed by Fundación Dr. Guillermo Manuel Ungo, Agreement 519-A-17-00004, for the Fiscal Year Ended December 31, 2019 (9-519-21-010-R)

This memorandum transmits the final audit report on the Promoción de la Participación Ciudadana en el Proceso Electoral y Debate Público Project in El Salvador. Fundación Dr. Guillermo Manuel Ungo (FUNDAUNGO) contracted with the independent certified public accounting firm Corpeño y Asociados 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 El Salvador. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on FUNDAUNGO'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 FUNDAUNGO's internal controls; and (3) determine whether FUNDAUNGO complied with award terms and applicable laws and regulations. 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 \$1,844,739 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 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 \$3,228. 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. The audit firm issued a management letter which included minor internal control deficiencies and follow-up of internal control deficiencies from the prior audit.

The audit firm identified two instances of material noncompliance related to the questioned costs detailed above. Since the audit firm reported that the questioned costs were reimbursed to USAID, we are not making a recommendation regarding these findings.

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 November 25, 2020.

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

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").