



## MEMORANDUM

**DATE:** June 16, 2021

**TO:** USAID/Paraguay Mission Director, Evelyn Rodriguez-Perez

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

**SUBJECT:** Financial Audit of the Rule of Law and a Culture of Integrity Program in Paraguay Managed by Instituto Desarrollo, Cooperative Agreement 72052619CA00002, August 12, 2019, to December 31, 2020 (9-526-21-022-R)

This memorandum transmits the final audit report on the Rule of Law and a Culture of Integrity program in Paraguay. Instituto Desarrollo contracted with the independent certified public accounting firm BDO Auditores Consultores to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and USAID Financial Audit Guide for Foreign Organizations. However, it did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in Paraguay. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Instituto Desarrollo's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 Instituto Desarrollo's internal controls; (3) determine whether Instituto Desarrollo complied with award terms and applicable laws and regulations; and (4) determine if cost-sharing contributions were made and accounted for by Instituto Desarrollo 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,

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<sup>1</sup> 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.

regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$824,095 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 minor internal control deficiencies.

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

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

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").