



MEMORANDUM

DATE: September 28, 2021

TO: USAID/Dominican Republic Mission Director, Rebecca Latorraca

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

SUBJECT: Financial Audit of the Civil Society Action for Accountable Security and Justice Program, Managed by Participación Ciudadana in the Dominican Republic, Cooperative Agreement AID-517-A-15-00006, October 1, 2018, to September 30, 2019 (9-517-21-035-R)

This memorandum transmits the final audit report on the Civil Society Action for Accountable Security and Justice Program. Participación Ciudadana contracted with the independent certified public accounting firm KPMG Dominicana 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 a continuing education program that fully complied with GAGAS requirements or an external peer review because such program is not offered in the Dominican Republic. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Participación Ciudadana'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 Participación Ciudadana's internal controls; (3) determine whether Participación Ciudadana complied with award terms and applicable laws and regulations; and (4) determine if cost-

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.

sharing contributions were made and accounted for by Participación Ciudadana 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; assessed and tested compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$990,518 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 identified two internal control significant deficiencies related to (1) interest earned and (2) tax obligations paid with program funds without the approval of USAID. The audit firm identified two material instances of noncompliance with applicable laws, regulations, and agreement terms related to the significant deficiencies detailed above.

The audit firm stated that based on their review, nothing came to their attention that caused them to believe that Participación Ciudadana 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.

We identified in the fund accountability statement expenditures totaling \$286,751 that exceeded budget categories by 32 percent. We are not making a formal recommendation on this issue; however, we bring this to the Agreement Officer's attention to verify that the recipient addressed the issues noted.

To address the issues identified in the report, we recommend that USAID/Dominican Republic:

Recommendation 1. Verify that Participación Ciudadana corrects the two instances of material noncompliance detailed on page 52 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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").