MEMORANDUM

DATE: December 17, 2021

TO: Inter-American Foundation, Interim President and Chief Executive Officer, Lesley Duncan

FROM: Deputy Assistant Inspector General for Audit, Alvin A. Brown /s/

SUBJECT: Transmittal of the Management Letter for the Inter-American Foundation’s Fiscal Year 2021-2020 Financial Statement Audit Report (0-IAF-22-008-C)

On November 15, 2021, we transmitted the financial statement audit report performed by the independent public accounting firm of Williams, Adley & Company-DC LLP (Williams Adley). The auditors issued an unmodified opinion on the Inter-American Foundation’s fiscal year (FY) 2021-2020 financial statements.

When performing an audit of an agency’s financial statements, auditors may identify certain matters involving internal controls that do not rise to a level of significance to be reported in the independent auditors’ opinion report; instead these matters are communicated in a management letter. This memorandum transmits a copy of the FY 2021-2020 management letter dated November 9, 2021, which reports on such matters.

This letter does not affect the auditors’ unmodified opinion on the financial statements. Williams Adley is responsible for the enclosed letter and the conclusions expressed in it.

We appreciate the assistance provided to our staff and the audit firm’s employees during the engagement.
MANAGEMENT LETTER

Ms. Lesley Duncan
Interim President and Chief Executive Officer
Inter-American Foundation

We have completed the audit of the financial statements of the Inter-American Foundation (IAF) as of and for the year then ended September 30, 2021 and have issued our Independent Auditor’s Report thereon dated November 9, 2021.

In planning and performing our audit of the IAF financial statements as of and for the year ended September 30, 2021, in accordance with U.S. generally accepted government auditing standards, we considered IAF’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IAF’s internal control over financial reporting. Accordingly, we do not express an opinion on IAF’s internal control over financial reporting.

In our fiscal year 2021 audit, we identified a control deficiency that did not rise to the level of a material weakness or significant deficiency but still warrants management attention, which is provided in Appendix I of this Management Letter. We have discussed this comment with IAF personnel, and we will be pleased to discuss them in further detail at your convenience.

IAF has provided an official response to this Management Letter in Appendix II. We did not audit IAF’s response and, accordingly, we express no opinion on the response.

This Management Letter is intended for the information and use of IAF management, and those charged with governance.

Washington, D.C.
November 9, 2021

Appendix I
Current Year Control Deficiency

Potential Anti-Deficiency Act (ADA) Violation

A management review is ongoing within the Inter-American Foundation (IAF), which has or may identify an ADA violation(s) related to an oscillating negative cash balance for an interagency reimbursable account from December 2020 to April 2021 of fiscal year 2021. The Trading Partner agreement did not allow for cash advances, and reimbursements were not processed prior to month’s end.

After being notified by the Department of Treasury in April 2021 of the negative account cash balance, IAF management worked with Bureau of the Fiscal Service/Administrative Resource Center to implement new processes to:

1. Review inter-agency reimbursable accounts for cash balance adequacy on a monthly basis;
2. Process IAF inter-agency reimbursements prior to month end, as necessary, to ensure non-negative cash balances at month end close; and
3. Require advances for all future IAF interagency reimbursable agreements with standalone reimbursable accounts.

Without a cash advance, the discordant timing, and delay, in the Intra-Governmental Payment and Collection (IPAC) reimbursable process with the Trading Partner led to an oscillating cash balance.

The Title 31 U.S. Code § 1341 - Limitations on expending and obligating amounts states:

(a)

(1) Except as specified in this subchapter or any other provision of law, an officer or employee of the United States Government or of the District of Columbia government may not—

(A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation;

Also, Title 31 U.S. Code (U.S.C.) Section 1517 Prohibited Obligations and Expenditures states:

(a) An officer or employee of the United States Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding –

(1) An apportionment; or

(2) The amount permitted by regulations prescribed under section 1514(a) of this title.

(b) If an officer or employee of an executive agency or of the District of Columbia government violates subsection (a) of this section, the head of the executive agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken. A copy of each report shall also be transmitted to the Comptroller General on the same date the report is transmitted to the President and Congress.

A potential violation(s) may result in administrative or other sanctions to individuals and the agency as well as require reporting to the Comptroller General, the President and Congress.
IAF Management Response (12/9/21):

The management review of the potential ADA violation related to an oscillating negative cash balance for an interagency reimbursable account in fiscal year 2021 remains ongoing. The IAF expects to have a legal determination from its Office of General Counsel by January 2022, and will follow all Title 31 U.S. Code (U.S.C.) Section 1517 Prohibited Obligations and Expenditures ADA reporting requirements as necessary once the determination is reached.