



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: March 8, 2022

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

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

SUBJECT: Closeout Financial Audit of the Democracy and Governance Program in Paraguay, Managed by Centro de Estudios Ambientales y Sociales, Cooperative Agreement AID-526-A-13-00003, January 01, 2021, to September 30, 2021 (9-526-22-016-R)

This memorandum transmits the final audit report on the Democracy and Governance Program in Paraguay. Centro de Estudios Ambientales y Sociales (CEAMSO) contracted with the independent certified public accounting firm Ernst & Young Paraguay to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). 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 Paraguay. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CEAMSO'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 schedule of expenditures for the period audited, was presented fairly, in all material respects; (2) evaluate CEAMSO's internal controls; (3) determine whether CEAMSO complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by CEAMSO in accordance with the terms of the agreement; and (5) determine if CEAMSO has taken adequate corrective action on prior audit recommendations. 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

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.

provisions; and reviewed project expenditures. The audit covered \$1,791,282 of USAID expenditures for the audited period.

The audit firm concluded the schedule of expenditures 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 CEAMSO 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.

In note 6 to the fund accountability statement, the auditors reported an outstanding fund balance of \$21,781 as of the end of the audit period, which had not been refunded to USAID. We are not making a formal recommendation on this issue; however, we bring this to the Agreement Officer's attention to address as part of the closeout process.

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").