



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: September 17, 2024

TO: USAID/Guatemala, Mission Director, Haven Cruz-Hubbard

FROM: Latin America and Caribbean (LAC) Regional Office, Audit Director, Hannah Maloney

SUBJECT: Audit of the Schedule of Expenditures of the HIV Prevention for High-Risk Individuals in Guatemala Managed by Panamerican Social Marketing Organization, Cooperative Agreement 72052020CA00002, January 1 to December 31, 2022 (I-520-24-021-R)

This memorandum transmits the final audit report of the schedule of expenditures of Panamerican Social Marketing Organization, HIV Prevention for High-Risk Individuals in Guatemala, Cooperative Agreement 72052020CA00002, from January 1 to December 31, 2022. Panamerican Social Marketing Organization contracted with the independent audit firm Manuel Cervantes & Asociados, S.C. to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. generally accepted government auditing standards. However, it did not have an external peer review because such a program is not offered by any professional organization in Guatemala. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Panamerican Social Marketing Organization's schedule of expenditures of USAID awards; 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 of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate Panamerican Social Marketing Organization internal controls; (3) determine whether Panamerican Social Marketing Organization complied with the award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by Panamerican Social Marketing Organization in accordance with the terms of the agreement; and (5) determine if Panamerican Social Marketing Organization 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

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

compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$5,218,271 of USAID expenditures for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited and did not identify any questioned costs. The audit firm did not identify any material weaknesses in internal control or any material instances of noncompliance with applicable laws, regulations, and agreement terms. The audit firm stated that based on its review, nothing came to their attention that caused it to believe that Panamerican Social Marketing Organization did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare it. Additionally, the audit firm determined that the recipient has taken adequate corrective actions on prior audit report recommendations.

During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented this area in a memo to the controller, dated September 17, 2024.

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

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.