



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

MEMORANDUM

DATE: April 16, 2025

TO: USAID/Peru, Mission Director, Amy Paro

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

SUBJECT: Financial Audit of Centro de Información y Educación Para la Prevención del Abuso de Drogas in Peru Under Two Awards for the Fiscal Year Ended December 31, 2023 (I-527-25-017-R)

This memorandum transmits the final audit report on Centro de Información y Educación Para la Prevención del Abuso de Drogas (CEDRO) under the following awards:

Award Name	Award Number (Type)	Audit Period
COVID-19 Response: Alliance for Social and Economic Recovery in the Peruvian Amazon	72052720CA00002 (Cooperative Agreement)	January 1, 2023, to December 31, 2023
Routes Toward Integration Activity	72052123CA00002 (Cooperative Agreement)	July 14, 2023, to December 31, 2023

CEDRO contracted with the independent audit firm Ramírez Enríquez y Asociados 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 an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CEDRO'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 CEDRO's internal controls; and (3) determine whether CEDRO complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm

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.

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 \$1,379,174 of USAID expenditures for the audited period.

The audit firm concluded 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. However, the schedule of expenditures of USAID awards included ineligible questioned costs totaling \$21,919. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Peru determine the allowability of the \$21,919 in questioned costs and recover any amount determined to be unallowable.

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 two minor internal control deficiencies.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated April 16, 2025.

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

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.