



MEMORANDUM

DATE: January 31, 2019

TO: USAID/Peru Mission Director, Lawrence Rubey

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office/Assistant Director, Brad Moore /s/

SUBJECT: Audit of the Development of Capability and Commitment - Amazonia Reads Project in Peru Managed by Universidad Peruana Cayetano Heredia, Cooperative Agreement AID-527-A-15-00003, January 1 to December 31, 2017(I-527-19-024-R)

This memorandum transmits the final audit report on the Development of Capability and Commitment (DCC) - Amazonia Reads project in Peru. Universidad Peruana Cayetano Heredia (UPCH) contracted with the independent certified public accounting firm RSM Panéz, Chacaliza & Asociados to conduct the audit. The contract required RSM Panéz, Chacaliza & Asociados to perform the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

RSM Panéz, Chacaliza & Asociados stated that they performed the audit in accordance with generally accepted government auditing standards except that they did not have an external peer review that fully complies with GAGAS requirements. RSM Panéz, Chacaliza & Asociados is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on UPCH's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The audit objectives were to (1) express an opinion on whether the fund accountability

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, follows the Guidelines.¹

² 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

statement for the period audited, was presented fairly, in all material respects; (2) evaluate UPCH's internal controls; (3) determine whether UPCH complied with the terms of the award and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by UPCH in accordance with the terms of the agreement; and (5) determine if UPCH has taken adequate corrective action on prior audit recommendations.

To answer the audit objectives, RSM Panez, Chacaliza & Asociados reported that they assessed and tested the internal controls related to the project, compliance with applicable laws, regulations, the agreement's provisions, and reviewed project expenditures. The audit covered \$1,962,972 of USAID funds for the audited period.

RSM Panez, Chacaliza & Asociados concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited.

RSM Panez, Chacaliza & Asociados did not identify any material internal control weaknesses or instances of noncompliance with applicable laws, regulations, and agreement terms.

RSM Panez, Chacaliza & Asociados determined that cost sharing contributions were made and accounted for by UPCH in accordance with the agreement terms. Additionally, RSM Panez, Chacaliza & Asociados determined that there were no prior audit report recommendations.

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

We appreciate the assistance extended during the engagement.

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").