



MEMORANDUM

DATE: September 30, 2019

TO: USAID/Brazil Mission Director, Michael J. Eddy

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, through Global and Strategic Audits Division (GSAD) Assistant Director, Pamela Hamilton /s/

SUBJECT: Financial Audit of the Indigenous Communities and Other Key Actors Better Protect Indigenous Lands and Other Natural Resources Program, Managed by Equipe de Conservação da Amazônia, Cooperative Agreement AID-512-A-17-00007, January 1 to December 31, 2018 (9-512-19-046-R)

This memorandum transmits the final audit report on the Indigenous Communities and Other Key Actors Better Protect Indigenous Lands and Other Natural Resources Program. Equipe de Conservação da Amazônia (ECAM) contracted with the independent certified public accounting firm Mazars Auditores Independentes to conduct the audit.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that the audit firm did not have a continuing education program that fully complies with requirements and an external peer review because such program is not offered in Brazil. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ECAM'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 fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate ECAM's internal controls; (3) determine whether ECAM complied with award terms and applicable laws and regulations; and (4) determine if cost-sharing contributions were made and accounted for by ECAM in accordance with the terms of the agreement. To answer the audit

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.

objectives, the audit firm 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 \$1,035,122 of USAID funds for the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$508 in total ineligible questioned costs. The questioned costs were related to advances received from USAID not placed in an interest-bearing account. 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/Brazil determine the allowability of the \$508 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 stated that based on their review, nothing came to their attention that caused them to believe that ECAM 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.

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

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")