



## MEMORANDUM

**DATE:** August 24, 2020

**TO:** USAID/Nicaragua Mission Director, Tanya Urquieta

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

**SUBJECT:** Financial Audit of the Media Strengthening Program in Nicaragua, Managed by Fundación Violeta Barrios de Chamorro Para Reconciliación y la Democracia, Cooperative Agreement AID-524-A-14-00001, for the Fiscal Year Ended December 31, 2019 (9-524-20-034-R)

This memorandum transmits the final audit report on the Media Strengthening Program. Fundación Violeta Barrios de Chamorro Para la Reconciliación y la Democracia (FVBCH) contracted with the independent certified public accounting firm Baker Tilly Nicaragua S.A. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup> However, it did not have a continuing education program that fully complies with GAGAS requirements and an external peer review because such program is not offered in Nicaragua. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on FVBCH's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

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 FVBCH's internal controls; (3) determine whether FVBCH complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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.

<sup>2</sup> 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.

accounted for by FVBCH in accordance with the terms of the agreement; and (5) determine if FVBCH 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; compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$1,185,375 of USAID expenditures 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.

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 FVBCH 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.

During our desk review, we noted one minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the controller, dated August 24, 2020.

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

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").