



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 26, 2024

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch, Supervisory Auditor, Sheree Marshall

FROM: Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

SUBJECT: Financial Audit of Centro de Estudios y Prevención de Desastres – PREDES Under Multiple Awards, January 1, 2021 to December 31, 2021 (3-000-24-037-R)

This memorandum transmits the final report on the financial audit of the U.S. Agency for International Development (USAID) awards managed by Centro de Estudios y Prevención de Desastres (PREDES) for the period January 1, 2021 to December 31, 2021. PREDES contracted with the independent certified public accounting firm Portal Vega Asociados (PVA) to conduct the audit. PVA stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organization. However, PVA did not have a continuing professional education program and external quality control reviews that fully satisfy the GAGAS requirements. PVA is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PREDES'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 Statement of Expenditures of USAID Awards is fairly presented in all material respects in relation to the beneficiaries' financial statements as a whole in accordance with the terms of the agreements and generally accepted accounting principles; (2) evaluate PREDES's internal controls; and (3) determine whether PREDES complied, in all material respects, with the terms of the grant agreement and applicable laws and regulations relating to the USAID-funded projects. To answer the audit objectives, PVA: (1) reviewed the Statement of Expenditures of USAID Awards of the Projects, including the budgeted amounts by components (Sectors and Sub-sectors), the income received

¹ We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

and costs incurred during the period; (2) obtained a sufficient understanding of the Project's executing agency, including its internal control to assess the risk of material misstatement of the Statement of Expenditures of USAID Awards; and (3) identified the terms of the grant agreement, relevant laws and regulations and determined which, if not complied with, could have a direct and material effect on the Statement of Expenditures of USAID Awards. PVA examined the projects' USAID costs of \$887,252 for the audited period.

PVA concluded that the Statement of Expenditures of USAID awards presents fairly, in all material respects, the revenues and costs incurred and reimbursed for the projects in accordance with the terms of the agreements. PVA did not identify any questioned costs, material weaknesses in internal controls, and no instances of material noncompliance. However, other matters of importance related to internal controls were identified and disclosed in the audit report.

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.