



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

MEMORANDUM

DATE: May 18, 2023

TO: Millennium Challenge Corporation, Chief Risk Officer, Lori Giblin

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

SUBJECT: Financial Audit Closure of Resources Managed by PRONACOM Guatemala Under the Threshold Program Grant Agreement between the Government of Guatemala and MCC for the period October 1, 2020 to December 31, 2021 (3-MCC-23-010-N)

This memorandum transmits the financial audit Closure of Resources Managed by National Program for Competitiveness (PRONACOM) Guatemala Under the Threshold Program Grant Agreement between the Government of Guatemala and the Millennium Challenge Corporation (MCC) for the period October 1, 2020 to December 31, 2021. PRONACOM contracted with the independent certified public accounting firm Amory Gonzalez CPA, DFK International (Amory) to conduct the audit. Amory stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and The Accountable Entities Guidelines for Contracted Financial Audits issued by MCC. However, it did not fully satisfy the continuing professional education requirement set forth in generally accepted government auditing standards. In addition, Amory reported it did not have an external peer review because no such program is offered by professional organizations in Guatemala and such a program is not required by the local auditing standards accepted in Guatemala. Amory is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PRONACOM'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 about whether the fund accountability statement fairly presents, in all material aspects the income received by the program, incurred and reimbursed expenses, acquired assets and technical assistance directly provided to PRONACOM for the period audited; (2) evaluate PRONACOM's internal controls; (3) determine whether PRONACOM complied with the awards' terms and applicable laws and

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.

regulations; and (4) determine whether PRONACOM has implemented adequate corrective actions related to recommendations on prior audits; and (5) determine compliance with the program closure plan. To answer the audit objectives, Amory: (a) reviewed all approved and disbursed expenses by MCC, as well as, incurred expenses pending reimbursement, identifying, and quantifying any questionable expense; (b) reviewed and evaluated the internal controls of PRONACOM regarding the grant agreement financed by MCC; and (c) reviewed grant agreement terms, laws and applicable regulations, with the purpose of determining those that might have a direct material effect in the Fund Accountability Statement. Amory examined MCC costs of \$4,937,494, for the audited period.

Amory concluded that PRONACOM's assistance directly procured by MCC presented present fairly, in all material respects, program revenues, costs incurred and reimbursed, and assets and technical assistance directly procured by the MCC for the period audited. Amory did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. However, Amory issued a management letter to report certain matters involving internal control and other immaterial instances of noncompliance Amory determined that PRONACOM has implemented all the previous audit recommendations.

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").