



## MEMORANDUM

**DATE:** June 10, 2021

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

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

**SUBJECT:** Closeout Financial Audit of Fundación para la Autonomía y el Desarrollo de la Costa Atlántica de Nicaragua's Management of the Education for Success Program in Nicaragua, Cooperative Agreement AID-524-A-10-00005, January 1 to December 30, 2020 (9-524-21-020-R)

This memorandum transmits the final audit report on the Education for Success Program in Nicaragua. Fundación para la Autonomía y el Desarrollo de la Costa Atlántica de Nicaragua (FADCANIC) 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, USAID Financial Audit Guide for Foreign Organizations, and International Standards on Auditing. 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 FADCANIC's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</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 FADCANIC's internal controls; (3) determine whether FADCANIC complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by FADCANIC in accordance with the terms of the agreement; and (5) determine if FADCANIC has taken adequate corrective action on prior audit

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<sup>1</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.

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 \$1,904,636 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 issued a management letter which included follow-up of minor internal control deficiencies.

The audit firm determined that cost sharing contributions were made and accounted for by FADCANIC in accordance with the agreement terms.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated June 10, 2021.

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

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").