

PROFONANPE

**AUDIT OF THE FINANCIAL STATEMENTS OF THE USAID/USFS FOREST
OVERSIGHT AND RESOURCE STRENGTHENING PROGRAM - FOREST
SIGNED BY THE UNITED STATES FOREST SERVICE - FOREST AND
PROFONANPE.**

COOPERATION AGREEMENT 18-CA-11132762-99

PERIOD FROM JANUARY 01, 2018 TO SEPTEMBER 30, 2020

PROFONANPE

AUDIT OF FINANCIAL STATEMENTS OF ACCOUNTABILITY

USAID/USFS FOREST OVERSIGHT AND RESOURCE STRENGTHENING PROGRAM - FOREST SIGNED BY THE UNITED STATES FOREST SERVICE - USFS AND PROFONANPE.
COOPERATION AGREEMENT 18-CA-11132762-99

PERIOD FROM JANUARY 01, 2018 TO SEPTEMBER 30, 2020

EXECUTIVE SUMMARY

Mr. Anton Willems
Executive Director of PROFONANPE
Av. Parque Gonzales Prada No. 396
Magdalena del Mar, Lima-Peru.-

We are pleased to submit for your consideration the executive summary regarding our financial audit of the Statement of Accountability USAID/USFS resources administered by PROFONANPE, in the execution of the Program called "**USAID/USFS Forest Oversight and Resource Strengthening Program – FOREST**" cooperation agreement for federal financial assistance grant 18-CA-11132762-99, for the period from January 01, 2018 to September 30, 2020.

1. BACKGROUND OF PROFONANPE

PROFONANPE (hereinafter the Institution or PROFONANPE), is a non-profit private law institution, established by Decree Law No. 26154 of September 29, 1992, with the purpose of administering the National Fund for Natural Areas Protected by the State (FONANPE, by its acronym in Spanish) and enjoys legal existence and its own legal status. According to the provisions of Art. 181.1 of the Regulations of the Natural Protected Areas Law (Supreme Decree No. 038-2001-AG), PROFONANPE is in charge of collecting, channeling and allocating the complementary resources required to contribute to the conservation, protection and management of the Natural Protected Areas included in the aforementioned Regulations.

The PROFONANPE's mission is to manage collaborative programs that have a positive impact on the environment and people.

PROFONANPE as a non-profit institution is registered with:

- The National Superintendency of Customs and Tax Administration – SUNAT, RUC 20261430470; Registry of entities receiving donations.
- The Peruvian Agency for International Cooperation – APCI: Registry of non-governmental development organizations receiving international technical cooperation for an indefinite period.

2. INFORMATION ON THE PROGRAM

The USAID/USFS Forest Oversight and Resource Strengthening Program - FOREST, is a technical cooperation Program between USAID and the United States Forest Service - USFS, which seeks to strengthen public forestry institutions in charge of the Peruvian forest and wildlife heritage.

On September 8, 2017 and on February 23, 2018, the United States Forest Service - FOREST and PROFONANPE signed a cooperation agreement for the federal financial assistance grant 18-CA-11132762-99, with the objective of administering financial resources of the Program and providing logistical support for the execution of the activities included within the USAID/USFS Forest Oversight and Resource Strengthening Program - FOREST.

Based on the aforementioned agreement for the operation of the agreement No. 18-CA-11132762-9, PROFONANPE was granted the total amount of US \$ 4,424,762, for the implementation of the Program, from January 1, 2018 to September 30, 2020.

This Program has the intended objectives of improving the legal framework in Peru, making information more transparent to the public, building capacity in forestry sector institutions, and improving the capacity of the Peruvian Forest Service (SERFOR, by its acronym in Spanish) to carry out strategic planning to highlight its leadership in the sector. The agreement is designed to provide joint expertise from both PROFONANPE and USFS to make the Peruvian forestry sector more modern and inclusive.

3. PURPOSE OF THE AUDIT

To provide PROFONANPE's Senior Management with a professional opinion on the financial position of the FOREST Program according to the deadlines established by the donor, and to report on the adequacy of the internal controls implemented by the entity, for the period from January 1, 2018 to September 30, 2020.

4. AUDIT OBJECTIVES

To issue an opinion on whether the Program's financial statements present fairly, in all material respects, the Statements of Accountability made during the audited period, in accordance with International Auditing and Assurance Standards approved for application in Peru by the Board of Deans of Institutes of Peruvian Certified Public Accountants, for the period from January 1, 2018 to September 30, 2020.

Audit report of the Statement of Program Accountability under the International Standard on Auditing 800 or 805, for the period from January 1, 2018 and September 30, 2020. The review of the period noted contemplates two agreements covering the following periods:

- Agreement 1: Signed on September 8, 2017 for US\$ 146,300.
- Agreement 2: Signed on February 23, 2018 for US\$ 4,278,462.30.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States of America, as applicable.

The reasonableness and materiality of the Statement of Accountability was determined in accordance with auditing standards and for the totality of the funds delivered by USAID/USFS to PROFONANPE from January 01, 2018 to September 30, 2020, determining reasonableness and materiality in accordance with these standards.

The audit has considered the regulatory framework such as the tax rules applicable in Peru, and the provisions of the Agreement and its appendixes.

5. AUDIT PROCEDURES APPLIED

A summary of the audit procedures applied is presented in the Appendix to this report.

6. AUDIT RESULTS

As a result of the application of the audit procedures, we can conclude:

Report on the Statement of Accountability

Unqualified opinion on the Statement of Accountability of the Program called "USAID/USFS Forest Oversight and Resource Strengthening Program – FOREST," is a technical cooperation program between USAID and the United States Forest Service - USFS, based on the agreement No. 18-CA-11132762-9 signed between USFS and PROFONANPE, for the period from January 1, 2018 to September 30, 2020.

During the period from January 01, 2018 to September 30, 2020, USAID/USFS transferred funds to PROFONANPE for the total amount of US\$ 4,424,762. Likewise, PROFONANANPE has executed disbursements in the total amount of US\$3,531,062, leaving a balance at the end of the period in the amount of US\$893,701, as of September 30, 2020, according to the Statement of Accountability.

Report on Internal Control

As part of our audit of the Program's Statement of Accountability, we have evaluated the internal accounting control, in accordance with the standards of the American Institute of Certified Public Accountants - AICPA, from which result we have noted reportable conditions, reported in the Independent Auditors' Report on Internal Control.

Report on compliance with the terms of the Sub-award Agreements, applicable laws and regulations

As a result of the tests performed, we have issued our report, which specifies that in terms of the aspects evaluated, for the period from January 01, 2018 and September 30, 2020, PROFONANPE has complied with the Sub-award Agreements, applicable laws and regulations that may affect the costs incurred from the Program.

7. COMMENTS FROM PROFONANPE'S MANAGEMENT

The PROFONANPE's Management became aware of the contents of the audit report of the Program called "USAID/USFS Forest Oversight and Resource Strengthening Program - FOREST," a technical cooperation Program between USAID and the United States Forest Service - USFS, based on the agreement N° 18-CA-11132762-9, signed between USFS and PROFONANPE, for the period from January 1, 2018 to September 30, 2020, expressing its conformity with the same.

Lima, September 27, 2021

Endorsed by:

Rivera & Asociados Cont. Púb. S.C.R.L.


Guaberto Rivera Alarcón
Certified Public Accountant
Registration N°14164

(Partner)



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AUDIT OF FINANCIAL STATEMENTS OF ACCOUNTABILITY

USAID/USFS FOREST OVERSIGHT AND RESOURCE STRENGTHENING PROGRAM - FOREST SIGNED BY THE UNITED STATES FOREST SERVICE - USFS AND PROFONANPE.
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PERIOD FROM JANUARY 01, 2018 TO SEPTEMBER 30, 2020

REPORT OF THE INDEPENDENT AUDITORS

TO THE EXECUTIVE DIRECTOR OF PROFONANPE

1. We have audited the statement of accountability of the Program called "USAID/USFS Forest Oversight and Resource Strengthening Program - FORES, based on the agreement No. 18-CA-11132762-9 signed between USFS and PROFONANPE, for the period from January 01, 2018 to September 30, 2020. The preparation and presentation of the Statement of Accountability is the responsibility of PROFONANPE's management. Our responsibility is to express an opinion on the Statement of Accountability based on our audit.
2. Our audit of the Statement of Accountability was conducted in accordance with Government Auditing Standards of the United States of America issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Accountability is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of accountability. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. We do not have an external quality control peer review program or external unaffiliated organization as required by Chapter 3, paragraph 3.50 et seq. of U.S. Government Auditing Standards. We believe that the effects of this deviation from U.S. Government Auditing Standards are not material since our Company participates in DFK International's worldwide internal quality control program. This program requires our Company in Peru every three years to undergo an extensive quality review by partners and managers of other correspondent member offices.
4. In our opinion, the accompanying statement of accountability presents fairly, in all material respects, the revenues and costs incurred and reimbursed for the Program named "USAID/USFS Forest Oversight and Resource Strengthening Program – FOREST", based on agreement No. 18-CA-11132762-9 signed between USFS and PROFONANPE, for the period from January 01, 2018 to September 30, 2020, in accordance with the terms of the Agreement indicated and the accounting basis described in note 3 of the Statement of Accountability.
5. In accordance with Government Auditing Standards of the United States of America, we have also issued our report dated September 20, 2021, on our consideration of PROFONANPE's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit conducted in accordance with Government Auditing Standards of the United States of America and should be read in conjunction with this independent auditor's report in considering the results of our examination.

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Outsourcing
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RIVERA & ASOCIADOS

CONTADORES PUBLICOS - AUDITORES
ASESORES Y CONSULTORES



6. This report is intended for the information of PROFONANPE, USFS and the United States Agency for International Development-USAID. However, once distributed by USAID, this report is a matter of public interest and its distribution will not be restricted.

Lima, September 27, 2021

Endorsed by:

Rivera & Asociados Cont. Púb. S.C.R.L.

(Partner)

Gualberto Rivera Alarcón
Certified Public Accountant
Registration N°14164

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**US FOREST SERVICE
STATEMENT OF ACCOUNTABILITY**

For the period from January 01 to September 30, 2020
(Expressed in US Dollars)

	From 01/01/2018 to 12/31/2018	From 01/01/2019 to 12/31/2019	From 01/01/2020 to 09/30/2020	Total cumulative as of 09/30/2020
SOURCE OF FUNDS:				
Debt Swap	920,761	1,591,250	1,912,752	4,424,762
Transfers received	920,761	1,591,250	1,912,752	4,424,762
Total funds received				
USE OF FUNDS BY CATEGORY:				
Categories				
2 Goods and equipment	11,244	12,865	86,797	110,906
3 Consultancies	138,363	611,634	435,353	1,185,350
4 Operational costs	119,924	353,089	161,886	634,899
5 Workshops and training	278,894	445,051	106,448	830,393
11 Financial administration - PROFONANPE	70,406	179,125	154,710	404,241
13 Travel, transportation and per diem	115,403	156,098	70,660	342,161
Subtotal project investments	734,234	1,757,862	1,015,854	3,507,950
Exchange difference and other	210	14,642	8,260	23,112
Increase (decrease) in cash	186,317	(181,254)	888,638	893,701
Cash at the beginning of period		186,317	5,063	
Balance Bank Statement	186,317	5,063	893,701	893,701