



**S B & COMPANY, LLC**  
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May 20, 2022

To the General Secretariat of the  
Organization of American States

We have audited the financial statements of the Organization of American States, Strengthening the governance capacities in Latina America and the Caribbean to comply with the national commitments established in the Paris Agreement: a perspective from Costa Rica, Uruguay and Jamaica (the Project, a project of the Organization of American States), for the period January 1, 2020 to December 31, 2021, and have issued our report thereon dated May 20, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our contract dated April 26, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with financial reporting provisions of Appendix V part 3 of the Terms of Reference (the ToR) and corresponding donor agreements. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Project solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.



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## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Project is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The accounting estimate included on the financial statements relates to the valuation of in-kind contributions. Those in-kind contributions are based on management's estimate of time and effort on the program for certain employees.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the Project's financial statements.

## **Identified or Suspected Fraud**

We have not identified or obtained information that indicates that fraud may have occurred.



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### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements for the period January 1, 2020 to December 31, 2021.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There was no material corrected misstatements as the period January 1, 2020 to December 31, 2021.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Project's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have received certain written representations from management, which are dated May 20, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Project, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the



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risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Project's auditors.

### **Management Recommendation**

We made the following management letter comment to management.

#### ***Complete and Maintain an allocation method of in-kind contributions***

During our testing of in-kind contributions, management provided us with the employee's approved salary and the percentage of the employee's time that was devoted to the project. However, management did not provide any further documentation that tracked the employee's actual time spent on the Project, such as approved timesheets or approved effort reporting to support the percentage provided to us by management

#### ***Recommendation***

We recommend that controls are implemented to ensure documentation is obtained and kept to provide evidence for the actual time and effort devoted to the Project. We will be happy to discuss the details of this recommendation with you at your convenience.

Washington, D.C.  
May 20, 2022

*SBC & Company, LLC*

Monique Booker, Member

*Monique Booker*