



MEMORANDUM

DATE: February 26, 2019

TO: USAID/Honduras Mission Director, Fernando Cossich

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, Assistant Director, Brad Moore /s/

SUBJECT: Agency-Contracted Audit of the Financial Statements of the Trust Fund Agreement of the Government of Honduras Managed by USAID/Honduras, October 1, 2015, to September 30, 2017 (I-522-19-001-N)

This memorandum transmits the final audit report on the Financial Audit of the Financial Statements of the Trust Fund Agreement of the Government of Honduras Managed by USAID/Honduras. USAID/Honduras contracted with the independent certified public accounting firm Horwath Central America to conduct the audit. The contract required Horwath to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed the audit in accordance with generally accepted government auditing standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on USAID/Honduras' financial 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 on whether the financial statements for the trust fund for the period audited, were presented fairly, in all material respects; (2) evaluate USAID/Honduras' internal controls related to the trust fund; (3) determine whether USAID/Honduras trust fund complied with the terms of the award and applicable laws and regulations; and (4) determine if USAID/Honduras has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, the audit firm reported that they

¹ 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..

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 \$1,293,075 in USAID expenditures for the audited period.

The audit firm concluded the financial statements presented fairly, in all material respects, the financial position of the trust fund of the Government of Honduras for the period audited.

The audit firm did not identify any material internal control weaknesses or instances of noncompliance with applicable laws, regulations, and agreement terms, but it identified one significant deficiency in internal control for not having reconciled a bank account. The audit firm stated that this deficiency has been corrected by USAID Honduras; as a result, we will not include a recommendation regarding this finding.

Additionally, the audit firm determined that the recipient has taken adequate corrective actions on prior audit report recommendations.

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

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")