



MEMORANDUM

DATE: February 25, 2020

TO: USAID/Honduras Mission Director, Fernando Cossich

FROM: USAID OIG Latin America and Caribbean (LAC) Regional Office, through Global and Strategic Audits Division (GSAD) Assistant Director, Pamela Hamilton /s/

SUBJECT: Financial Audit of the Consejo Nacional Anticorrupción Program in Honduras, Managed by Consejo Nacional Anticorrupción, Cooperative Agreement AID-522-A-17-00001, June 15, 2017, to December 31, 2018 (9-522-20-019-R)

This memorandum transmits the final audit report on the Consejo Nacional Anticorrupción (CNA) program. CNA contracted with the independent certified public accounting firm PricewaterhouseCoopers Interamerica, S. de R. L. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. 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 Honduras. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CNA'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 on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate CNA's internal controls; (3) determine whether CNA complied with award terms and applicable laws and regulations; (4) determine if cost-sharing contributions were made and accounted for by CNA in accordance with the terms of the agreement; and (5) determine if CNA has taken adequate corrective action on prior audit 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 \$1,308,604 of USAID expenditures for the

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.

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 identified three internal control significant deficiencies. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID/Honduras determines if the recipient addressed the issues noted. The audit firm issued a management letter which included five minor internal control deficiencies. The audit firm did not identify any instances of material noncompliance with applicable laws, regulations, and agreement terms.

The audit firm stated that based on their review, except for unsupported questioned costs of \$3,321, nothing came to their attention that caused them to believe that CNA did not fairly present the cost sharing contributions schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost sharing contributions schedule. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Honduras work with CNA to make the appropriate adjustment if it determines the questioned costs are unallowable.

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

We appreciate the assistance extended during the engagement.

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").