



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 18, 2024

TO: Sheree Marshall
Supervisory Auditor
USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch

FROM: David A. McNeil /s/
Director, External Financial Audits Division

SUBJECT: Financial Audit of Instituto Centroamericano de Administración de Empresas Under Multiple USAID Agreements, for the Year Ended December 31, 2023 (3-000-25-001-R)

This memorandum transmits the final audit report on Instituto Centroamericano de Administración de Empresas (INCAE) under multiple awards for the year ended December 31, 2023. INCAE contracted with the independent audit firm Corpeño y Asociados (Corpeño) 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 an external peer review that would fully satisfy the standards' requirements since no such program is offered by professional organizations in El Salvador. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on INCAE's schedule of expenditures; 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 schedule of expenditures for the period audited, was presented fairly, in all material aspects relating to the financial statements of the recipient/subrecipient as a whole, in accordance with the terms of the agreements; (2) assess and gain sufficient understanding of the recipient/subrecipient's internal

¹ We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

controls over external funding resources, assess control risk, and identify reportable conditions, including material weaknesses; (3) determine whether INCAE complied with award terms and applicable laws and regulations; (4) review cost-sharing/matching contributions to determine if the beneficiary provided and accounted for them in accordance with the terms of the agreements; and (5) determine if INCAE has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, Corpeño: (1) examined the schedule of expenditures of the projects, including the amounts budgeted by category and important items, the income received for the period from January 1 to December 31, 2023, the costs reported by INCAE as incurred during that period and the products and technical assistance; (2) reviewed the cost-sharing schedule to determine if the schedule is fairly presented in accordance with the appropriate basis of accounting used by the beneficiary to prepare the schedule; (3) obtained a sufficient understanding of internal control related to the programs; (4) identified the terms of the agreement, relevant laws, and regulations and determined which, if not complied with, could have a direct and material effect on the schedule of expenditures; and (5) reviewed the status of the actions taken on the findings and recommendations reported in previous audits. The audit firm reported that INCAE's audited expenditures were \$1,460,796 and expenditures of USAID awards were \$1,302,597 for the period January 1- December 31, 2023.

Corpeño concluded the schedule of expenditures presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. Corpeño did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. Corpeño stated that based on their review, nothing came to their attention that caused them to believe that INCAE 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.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.