



# Non-Federal Audit Snapshot

## USAID OIG LAC Regional Office

Covering January – June 2024  
Report No. I-000-24-002-A

USAID’s **non-Federal audit (NFA)** program helps ensure that contracts, cooperative agreements, and other foreign assistance awards meet Federal requirements. NFAs—financial audits typically performed by independent public accounting firms—help safeguard taxpayer dollars. USAID OIG reviews NFA reports for compliance with government auditing reporting standards and transmits the reports and recommendations to USAID. Learn more in the [NFA Primer](#).

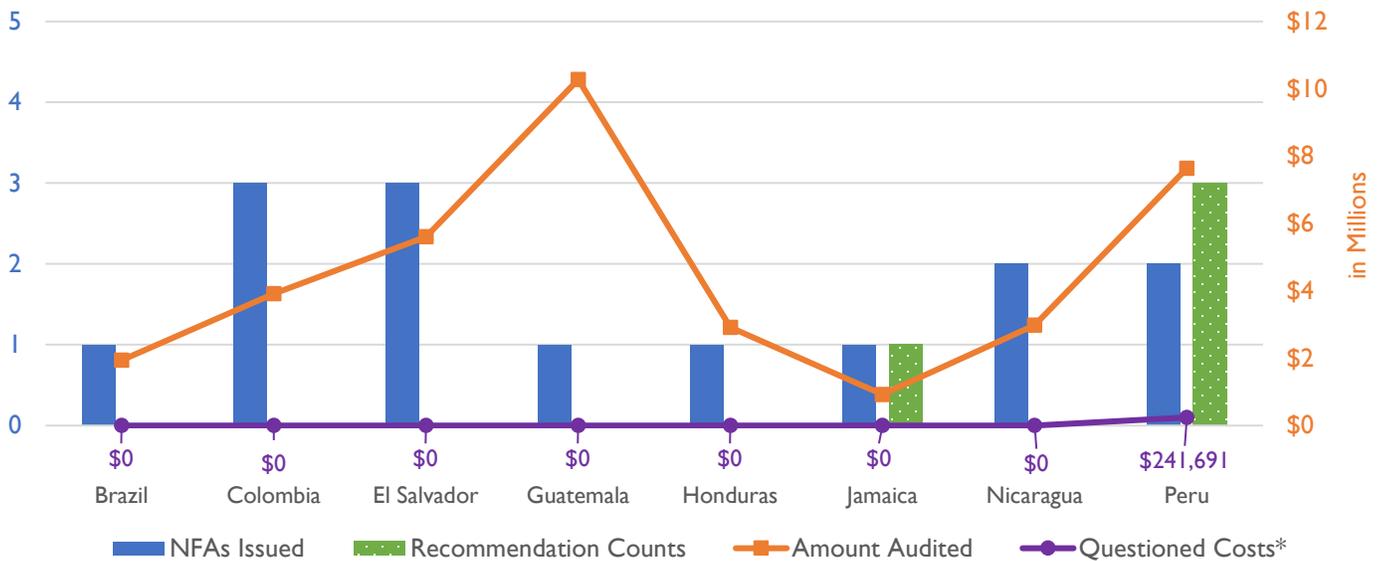
This **NFA Snapshot** highlights program data, audit findings, and recommendations in NFA reports transmitted by USAID OIG’s Latin America and Caribbean (LAC) Regional Office from January 1 to June 30, 2024.

### By the Numbers: NFA Reports, Findings, and Recommendations

	NFAs Issued	14		Questioned Costs	\$241,691
	Amount Audited	\$36,195,459		Recommendations Issued	4
	Findings: Material Weaknesses in Internal Control	2		Findings: Compliance	5

- The most common programmatic areas covered by NFA reports reviewed during the period were economic growth and trade (24 percent), education and social services (16 percent), and agriculture (12 percent). Other programs covered were related to democracy and governance, HIV/AIDS, and other areas.
- About half of audited expenditures pertained to USAID programs in Guatemala and Peru. The other half concerned six other USAID country missions.

### NFA Activity by Cognizant Mission



\*Note: Questioned Costs amounts are as shown in thousands.

### Drill Down: NFA Findings Detail

NFA report findings and recommendations address breakdowns in internal control and compliance with laws, regulations, and award terms. During the period, material internal control NFA findings in LAC related to financial and program management. Non-compliance findings resulted in approximately \$242,000 of questioned costs.

Material Weaknesses in Internal Control	
<b>Financial Management:</b> Bank reconciliation not signed and dated leading to inability to determine who prepared and reviewed and whether it was done timely.	<b>Program Management:</b> Lack of segregation of duties for technical report preparation and review leading to potential conflict of interest.
Instances of Non-Compliance	
<b>Noncompliance with Procurement Policy:</b> Two purchases of damaged and unused equipment for two producer organizations. <b>Questioned Costs: \$139,269</b>	<b>Inadequate Inventory Management:</b> Incomplete installation and disuse of equipment for two producer organizations. <b>Questioned Costs: \$60,337</b>
<b>Lack of Prior Approval:</b> Payment of maintenance services, equipment repair, and purchase of promotional module without USAID approval. <b>Questioned Costs: \$3,788</b>	<b>Lack of Progress with Counterpart Contribution Funds:</b> Physical and financial progress for local road maintenance to have been achieved with counterpart contributions not demonstrable. <b>Questioned Costs: \$38,297</b>

### By the Numbers: OIG Desk Reviews

	NFAs Reviewed	14		Independent Public Accounting Firms that Performed NFAs	11
	NFA Reports Rejected and Returned to USAID	0		Supplementary “Memos of Review Comment” Issued	7

- USAID OIG reviews NFA reports for key attributes including adherence to professional standards, completeness, and compliance with required formats. OIG rejects noncompliant reports and returns them to USAID for consideration prior to acceptance.
- All but one NFA report that the LAC Regional Office received for review between January 1 to June 30, 2024, did not comply with updated Statement on Auditing Standards (SAS) 134 requirements, which would typically warrant rejection. USAID OIG brought the matter to USAID’s attention and agreed to pause rejections for this reason while USAID updated guidance. USAID updated ADS mandatory reference 591maa in June 2024.
- Six supplementary Memos of Review Comment (MRCs) alerted auditors to correct non-compliance with SAS 134 in future NFA reports. Three MRCs included additional matters related to:
  - Errors in the Schedule of Expenditures of Federal Awards (SEFA), notes to the SEFA, and audit report summary.
  - Lack of the elements of a finding for a reported internal control material weakness.
  - Lack of clarity whether subrecipient expenditures were audited.
  - Missing signature on a report on compliance.
  - Incorrect statement on negative assurance in the cost sharing schedule.

USAID OIG’s LAC Regional Office provides independent audit oversight of USAID operations and programming in 29 countries across Latin America and the Caribbean from its office in San Salvador, El Salvador.

We conducted this work under the Council of the Inspectors General for Integrity and Efficiency’s Quality Standards for Federal Offices of Inspector General.