



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: February 21, 2025

TO: USAID/Honduras, Mission Director, David Billings

FROM: Latin America and Caribbean (LAC) Regional Office, Audit Director, Hannah Maloney /s/

SUBJECT: Financial Audit of the GENESIS Project in Honduras Managed by the National Foundation for the Development of Honduras, Cooperative Agreement AID-522-A-15-00002, January 1 to December 31, 2023 (I-522-25-013-R)

This memorandum transmits the final audit report on the GENESIS Project in Honduras. The National Foundation for the Development of Honduras (FUNADEH) contracted with the independent audit firm Ecovis Honduras 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 an external peer review that fully satisfies the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on FUNADEH's schedule of expenditures of USAID awards; 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 of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate the FUNADEH's internal controls; (3) determine whether FUNADEH complied with award terms and applicable laws and regulations; and (4) determine if FUNADEH 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; assessed and tested compliance with applicable laws, regulations, the agreement's provisions; and reviewed project expenditures. The audit covered \$1,407,028 of USAID expenditures for the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$456 in total ineligible questioned costs. Since the questioned costs did not meet 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.

OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Honduras determine the allowability of the \$456 in questioned costs and recover any amount determined to be unallowable.

The audit firm did not identify any material weaknesses in internal control. The audit firm identified two instances of material noncompliance related to the questioned costs detailed above. Although we are not making a recommendation for the instances of material noncompliance related to the questioned costs discussed above, we suggest that USAID/Honduras determine if the recipient addressed the issue noted. The audit firm issued a management letter which included one minor internal control deficiency.

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

During our desk review, we noted one area for improvement which the audit firm should address in future audit reports. We presented this area in a memo to the controller, dated February 21, 2025.

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"). 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.