



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

MEMORANDUM

DATE: May 16, 2025

TO: USAID/Colombia, Mission Director, Anupama Rajaraman

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

SUBJECT: Closeout Financial Audit of the Cocoa Effect Project in Colombia Managed by Fundación Luker, Cooperative Agreement 72051419CA00005, January 1, 2023, to January 31, 2024 (I-514-25-023-R)

This memorandum transmits the final audit report on the Cocoa Effect Project in Colombia. Fundación Luker contracted with the independent audit firm Amézquita & Cía. S.A.S. 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 Fundación Luker'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 Fundación Luker's internal controls; (3) determine whether Fundación Luker complied with award terms and applicable laws and regulations; and (4) determine if Fundación Luker 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 \$1,560,136 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. However, the audit firm identified \$30,247 of ineligible questioned costs related to (1) \$227 error in liquidations; (2) \$12,655 disability payment processed as reimbursements to

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.

USAID and later reimbursed by the health authority; and (3) \$17,365 retirement bonuses not approved by USAID. These questioned costs have been reimbursed or adjusted by the recipient, therefore; we are not making a recommendation related to these ineligible questioned costs. Additionally, the audit firm identified questioned costs totaling \$3,901 related to maternity leave budget overruns. 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/Colombia determine the allowability of the \$3,901 in questioned costs and recover any amount determined to be unallowable.

The audit firm did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. The audit firm issued a management letter which included minor internal control deficiencies.

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

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated May 16, 2025.

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

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.