



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

MEMORANDUM

DATE: June 13, 2025

TO: USAID/Nicaragua, Acting Mission Director, Faye Haselkorn

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

SUBJECT: Financial Audit of a USAID Program Managed by an Implementer in Nicaragua Under a Cooperative Agreement, January 1 to December 31, 2023 (I-524-25-031-R)

This memorandum transmits the final audit report. The implementer contracted with the independent audit firm Corpeño y Asociados to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing. 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 the implementer'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 implementer's internal controls; and (3) determine whether the implementer complied with award terms and applicable laws and regulations. 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 \$896,219 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 questioned costs in the schedule of expenditures of USAID awards for a total of \$516 (\$35 ineligible and \$481 unsupported). 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/Nicaragua

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.

determine the allowability of the \$516 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 four instances of noncompliance, three were related to the questioned costs detailed above and one was related to improvements needed in the system of filing and control of the technical, financial, and settlement reports of the sub-recipients. Although we are not making a recommendation for the three instances of material noncompliance related to the questioned costs discussed above, we suggest that USAID/Nicaragua determine if the recipient addressed the issue noted.

The audit firm included personally identifiable information (PII) in note 5 to the schedule of expenditures of USAID awards. PII information should be protected.

To address the issues identified in the report, we recommend that USAID/Nicaragua:

Recommendation 1. Verify that the implementer corrects the one instance of noncompliance detailed on pages 27 and 33 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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.