



MEMORANDUM

DATE: August 2, 2018

TO: USAID/Senegal, Regional Director, Lisa Franchett

FROM: Regional Inspector General/Pretoria, Rob Mason /s/

SUBJECT: Closeout Audit of USAID Resources Managed by Agency for the Development of Social Marketing in Senegal Under Cooperative Agreement AID-685-A-12-00002, January 1, 2016, to September 30, 2016 (Report No. 4-685-18-092-R)

This memorandum transmits the final audit report on USAID resources awarded to Agency for the Development of Social Marketing (ADEMAS). ADEMAs contracted with the independent certified public accounting firm Audit and Management Consulting Services (AMCS), Dakar, Senegal to conduct the audit. The audit firm stated that the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that it did not have a continuing professional education program that fully met those standards. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ADEMAs's fund accountability statement; 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 fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate ADEMAs's internal controls; (3) determine whether ADEMAs complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

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.

To answer the audit objectives, AMCS (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues received from USAID for the period covered by the audit and the costs reported by ADEMAs as incurred from January 1, 2016, to September 30, 2016; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to ADEMAs's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (3) identified the award terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. ADEMAs reported expenditures of \$3,541,826 in USAID funds and commodities during the audited period. The auditors noted a cost share shortfall of \$157,538; however, this amount does not constitute a shortfall since ADEMAs contributed more than the budgeted amounts shown on page 47 of the report.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$5,212 in total questioned costs (\$3,160 ineligible and \$2,052 unsupported). The audit firm also reported two instances of material noncompliance.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller, dated August 2, 2018.

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

Recommendation 1. Determine the allowability of \$5,212 in questioned costs (\$3,160 ineligible and \$2,052 unsupported) on pages 15 and 41 to 43 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Agency for the Development of Social Marketing corrects the two instances of material noncompliance detailed on pages 41 to 43 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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”).