



MEMORANDUM

DATE: March 20, 2019

TO: USAID/M/OAA/CAS/CAM, Branch Chief, David McNeil

FROM: USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

SUBJECT: Financial Audit of USAID Resources Managed by The Alliance for a Green Revolution in Africa in Multiple Countries Under Agreement OAA-A-13-00040, January 1 to December 31, 2017 (Report No. 4-000-19-059-R)

This memorandum transmits the final audit report on USAID resources managed by The Alliance for a Green Revolution in Africa (AGRA) in Ethiopia, Tanzania, Ghana, Mozambique, Senegal, and Malawi. AGRA contracted with the independent certified public accounting firm PricewaterhouseCoopers (PwC), Nairobi, Kenya to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit firm states that it performed its audit in accordance with GAGAS, except that the audit firm did not have continuing professional education and external quality control review programs that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on AGRA'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 AGRA's internal controls; (3) determine whether AGRA complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of 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, PwC (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 AGRA as incurred from January 1 to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to AGRA'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) reviewed the indirect cost rate; and (5) reviewed the implementation status of prior period recommendations. AGRA reported expenditures of \$7,089,667 in USAID funds during the audited period.

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. The audit firm identified \$20,046 in total questioned costs (\$18,881 ineligible and \$1,165 unsupported). The audit firm also reported one significant deficiency in internal control and one instance of material noncompliance. In addition, the audit firm issued a separate management letter.

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 memo to the controller, dated March 20, 2019.

To address the issues identified in the report, we recommend that USAID/M/OAA/CAS/CAM:

Recommendation 1. Determine the allowability of \$20,046 in questioned costs (\$18,881 ineligible and \$1,165 unsupported) detailed on pages 17, 20, and 21 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that The Alliance for a Green Revolution in Africa corrects the one significant deficiency in internal control detailed on page 25 of the audit report.

Recommendation 3. Verify that The Alliance for a Green Revolution in Africa corrects the one instance of material noncompliance detailed on pages 29 and 30 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”).