



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

### MEMORANDUM

**DATE:** June 7, 2022

**TO:** USAID/Nigeria, Mission Director, Anne Patterson

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

**SUBJECT:** Financial Audit of USAID Resources Managed by American University of Nigeria Under Cooperative Agreement 72062019CA0002, August 1, 2020, to July 31, 2021 (Report No. 4-620-22-061-R)

This memorandum transmits the final audit report on USAID resources managed by American University of Nigeria under the Strengthening Education in North East Nigeria States project. American University of Nigeria contracted with the independent certified public accounting firm Deloitte & Touché, Abuja, Nigeria, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on American University of Nigeria's schedule of expenditure of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether the schedule of expenditure of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate American University of Nigeria's internal controls; (3) determine whether American University of Nigeria 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.

To answer the audit objectives, Deloitte & Touché (1) audited the schedule of expenditure of USAID awards 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 American University of Nigeria as incurred from August 1, 2020, to July 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to American University of Nigeria's ability to report financial data

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<sup>1</sup> 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.

consistent with the assertions embodied in each account of the schedule of expenditure of USAID awards; (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 schedule of expenditure of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. American University of Nigeria reported expenditures of \$3,652,073 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditure of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified \$11,011<sup>i</sup> in total ineligible questioned costs; no material weaknesses in internal control; and two instances of material noncompliance specifically related to the questioned costs identified. 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 on the questioned costs or the related noncompliance findings. Nevertheless, we suggest that USAID/Nigeria determine the allowability of the \$11,011 in questioned costs and recover any amount determined to be unallowable. The audit firm issued a management letter as part of the audit report.

Accordingly, we are not making any recommendations.

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").

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<sup>i</sup> Total questioned costs of \$11,011 = ineligible \$9,200 included in the schedule of expenditure of USAID awards and the questioned cost for forgone interest of \$1,811 included in note 9 on page 22 of the audit report.