



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

MEMORANDUM

DATE: July 27, 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 KNCV Tuberculosis Foundation Nigeria Under Cooperative Agreement 72062020CA00007, October 1, 2020, to September 30, 2021 (Report No. 4-620-22-078-R)

This memorandum transmits the final audit report on USAID resources managed by KNCV Tuberculosis Foundation Nigeria (KNCV TB Nigeria), Tuberculosis Local Organizations Network Nigeria (TB LON Nigeria), Region 1 & 2 project. KNCV TB Nigeria contracted with the independent audit 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. However, it did not have an external peer review or a continuing professional education program that fully satisfy 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 KNCV TB Nigeria'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 KNCV TB Nigeria's internal controls; (3) determine whether KNCV TB Nigeria complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, Deloitte & Touché (1) audited the schedule of expenditures 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 KNCV TB Nigeria as incurred from October 1, 2020, to September 30, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to KNCV TB Nigeria's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (3) identified the

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.

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 expenditures of USAID awards; and (4) reviewed the implementation status of the prior period recommendations. KNCV TB Nigeria reported expenditures of \$8,387,625 in USAID funds during 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. The audit firm identified \$37,080 in ineligible questioned costs; no material weaknesses in internal control; and two instances of material noncompliance. The audit firm issued a management letter as part of the audit report.

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

Recommendation 1. Determine the allowability of \$37,080 in ineligible questioned costs on pages 9 and 20 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that KNCV Tuberculosis Foundation Nigeria corrects the two instances of material noncompliance detailed on pages 42 to 46 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach 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").