



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 24, 2023

TO: USAID/Ghana, Mission Director, Kimberley Rosen

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

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Legal Resources Centre in Ghana Under Cooperative Agreement 72064120CA00001, August 7, 2020, to August 30, 2022 (Report No. 4-641-23-079-R)

This memorandum transmits the final closeout audit report on USAID resources managed by Legal Resources Centre (LRC) for USAID/Ghana Justice Sector Support Activity. Legal Resources Centre contracted with the independent audit firm BakerTilly Andah + Andah (BakerTilly), Accra, Ghana 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 and continuing professional education 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 LRC'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 LRC's internal controls; (3) determine whether LRC 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, BakerTilly (1) audited the schedule of expenditures of USAID awards 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 LRC as incurred from August 7, 2020, to August 30, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to LRC'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 award terms and pertinent laws and

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.

regulations and determined which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) there were no prior period recommendations. LRC reported expenditures of \$2,581,679 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 no questioned costs; no material weaknesses in internal control; and eleven instances of material noncompliance. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Ghana determine if the recipient addressed the issues noted.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated May 24, 2023.

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

Recommendation I. Verify that Legal Resources Centre corrects the eleven instances of material noncompliance detailed on pages 26 to 45 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").