



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 22, 2023

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 Achieving Health Nigeria Initiative Under Multiple Awards, October 1, 2021, to September 30, 2022 (Report No. 4-620-23-102-R)

This memorandum transmits the final audit report on USAID resources managed by Achieving Health Nigeria Initiative (AHNi) under the following awards:

Award Name (Type)	Award Number	Audit Period	Prime Implementer
Accelerating Control of the HIV Epidemic in Nigeria in Borno, Adamawa, and Yobe States (ACE CLUSTER 1) (cooperative agreement)	72062022CA00004	Feb. 4 – Sep. 30, 2022	
Accelerating Control of the HIV Epidemic in Nigeria in Akwa Ibom and Cross River States (ACE CLUSTER 5) (subaward)	72062022CA00007	Jul. 1 – Sep. 30, 2022	Excellence Community Education Welfare Scheme (ECEWS)
Strategic HIV/AIDS and TB Response Program Task Order 2 (SHARP TO2) (subaward) - closeout	72062020F00003	Oct. 1, 2021 – Jan. 26, 2022	Family Health International (FHI 360)
Meeting Targets and Maintaining Epidemic Control - HIV Prevention, Care and Treatment Activities under KPIF in Niger and Bayelsa States (EPIC – KPIF) (subaward) – closeout	720OAA19CA00002	Oct. 1, 2021 – Feb. 28, 2022	FHI 360
Meeting Targets and Maintaining Epidemic Control in Lagos, Bayelsa, and Edo States (EPIC ACTIVITY 1) (subaward) - closeout	720OAA19CA00002	Oct. 1, 2021 – Jan. 31, 2022	FHI 360
Meeting Targets and Maintaining Epidemic Control - Comprehensive HIV/AIDS Prevention, Care, Treatment and Support (EPIC ACTIVITY 2) (subaward) - closeout	720OAA19CA00002	Oct. 1, 2021 – Jul. 31, 2022	FHI 360

AHNI contracted with the independent audit firm Bakertilly, 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 AHNI'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 AHNI's internal controls; (3) determine whether AHNI 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, 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 AHNI as incurred from October 1, 2021, to September 30, 2022; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to AHNI'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 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. AHNI reported expenditures of \$13,057,778 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 \$521 in ineligible questioned costs for one subaward; two material weaknesses in internal control related to the subawards; and three instances of material noncompliance. 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 for those costs and the associated instance of material noncompliance. Nevertheless, we suggest that USAID/Nigeria determine the allowability of the \$521 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Nigeria determine if the recipient addressed the issues noted. The audit firm issued a management letter.

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.

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 August 22, 2023.

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

Recommendation 1. Verify that Achieving Health Nigeria Initiative corrects the one instance of material noncompliance detailed on pages 45 to 46 of the audit report.

Recommendation 2. Verify that Achieving Health Nigeria Initiative provides Family Health International 360 and Excellence Community Education Welfare Scheme with a copy of the findings raised in the audit report for their review to take any appropriate action regarding the two material weaknesses in internal control and two instances of material noncompliance related to the subawards as detailed on pages 40 to 42, and 47 to 53 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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.