



MEMORANDUM

DATE: March 20, 2018

TO: USAID/West Africa, Mission Director, Alexandre Deprez

FROM: Regional Inspector General/Pretoria, John Vernon /s/

SUBJECT: Audit of USAID Resources Managed by The Permanent Interstate Committee for Drought Control in the Sahel Under Multiple Agreements, January 01, 2016, to December 31, 2016 (Report No. 4-624-18 -061-R)

This memorandum transmits the final audit report on USAID resources managed by The Permanent Interstate Committee for Drought Control in the Sahel (CILSS) under multiple Agreements. CILSS contracted with the independent certified public accounting firm Ernst & Young, Accra, Ghana, to conduct the audit. The contract required the firm to perform the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients¹

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that the audit firm did not have an external peer review because such program is not offered by professional organizations in Ghana. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CILSS's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

² 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.

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 CILSS's internal controls; (3) determine whether CILSS complied with award terms and applicable laws and regulations; and (4) reviewed the implementation status of the prior period recommendations.

To answer the audit objectives, Ernst & Young Ghana (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 CILSS as incurred from January 1, 2016, to December 31, 2016; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to CILSS'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) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. CILSS spent \$2,942,655 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 except for \$82,830 in questioned costs (\$180 ineligible and \$82,650 unsupported) and two instances of material instances of noncompliance.

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

Recommendation 1. Determine the allowability of \$82,830 in questioned costs (\$180 ineligible, \$82,650 unsupported) on pages 52, 74, and 75 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that the Permanent Interstate Committee for Drought Control in the Sahel corrects the two instances of material noncompliance detailed on pages 134 and 141 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").