



MEMORANDUM

DATE: March 22, 2018

TO: USAID/Ghana, Mission Director, Sharon Cromer

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

SUBJECT: Audit of USAID Resources Managed by of University of Cape Coast in Ghana Under Implementation Letter 64I-A18-FY14-IL#007, From October 24, 2014, to September 31, 2016 (Report No. 4-64I-18-064-R)

This memorandum transmits the final audit report on USAID resources managed by University of Cape Coast - Department of Fisheries and Aquatic Sciences School of Biological Science (DFAS-UCC). DFAS-UCC contracted with Ghana Audit Service (GAS), Accra, Ghana to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), except that the audit firm did not have external quality control review programs that fully satisfied the requirements set forth in GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on DFAS-UCC's fund accountability statement; 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 fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate the DFAS-UCC's internal controls; and (3) determine whether DFAS-UCC 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.

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.

To answer the audit objectives, GAS (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 NHIA as incurred from February 9, 2015, to December 31, 2016; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to DFAS-UCC'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. DFAS-UCC spent \$2,258,539 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 \$92,463 in questioned cost (\$7,266 in ineligible questioned costs and \$85,197 unsupported questioned costs) and three instances of significant deficiencies. The report also included unsupported questioned cost share contributions of \$275,862. Findings a and b on page 23 to 25 for ineligible and unsupported questioned costs and finding c on page 33 for unsupported questioned costs for costs sharing contribution should have been included in the compliance report as instances of material noncompliance.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated March 22, 2018.

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

Recommendation 1. Determine the allowability of \$92,463 in questioned costs (\$7,266 in ineligible question costs and \$85,197 unsupported question costs) identified on page 17 of Ghana Audit Service's audit report.

Recommendation 2. Verify that University of Cape Coast – Department of Fisheries and Aquatic Science corrects the three significant deficiencies in internal control detailed on pages 23 to 25 and 33 of the audit report.

Recommendation 3. Determine the allowability of \$275,862 unsupported questioned costs in cost sharing contributions identified on pages 31 to 33 of the audit report and take any corrective action deemed necessary under ADS 303.3.10.

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").