



Office of Inspector General

April 10, 2015

Management Letter

For: USAID/Senegal Controller, William MacLaren

From: Acting Regional Inspector General/Dakar, Louis Duncan, Jr. /s/

SUBJECT: Audit of USAID Resources Managed by the Agency for the Development of Social Marketing (ADEMAS), Under Cooperative Agreement No. AID-685-A-12-00002 for the Period January 1, 2013 Through December 31, 2013

We have reviewed the subject audit report, and found that it generally complied with Generally Accepted Government Auditing Standards (GAGAS) and the USAID Office of General Inspector Guidelines *for Financial Audits Contracted by Foreign Recipients (The Guidelines)*. However, we identified issues that we asked the audit firm to address and re-submit to RIG/Dakar a revised report.

The audit report issued by the audit firm AMCS for FY 2013 included a report on cost-sharing contribution. It appeared that the review of the cost sharing was not performed by the prior auditors, Deloitte, as they stated in FY 2012 audit report that no cost-sharing contribution was required under the terms of the agreements.

According to FY 2013 audit report, ADEMAs cooperative agreement included a provision for cost-sharing over the life of the project. Consequently, the cost sharing contribution should have been audited for the period January 1, 2012 to December 31, 2012, as required by Section 3.4 of the *Guidelines* which states that the audit should determine whether cost-sharing contribution were provided and accounted for by the recipient in accordance with the terms of the agreement. Moreover, the *Guidelines*, under section 1.14, require that USAID ensures that audit agreements between recipients and independent auditors contain a standard statement of work containing all the requirements of the *Guidelines*.

Not having a cost share contribution audited reduces the possibility of recovering questioned costs in a timely manner and delayed the implementation of recommendations if significant internal control weaknesses were identified.

Consequently, we recommend that USAID/Senegal implement procedures to ensure that all the provisions included in the agreement are covered by the audit and verify that required audits are performed in accordance with the Guidelines. These procedures should require the financial analyst to complete a screening sheet before the audit report is submitted to RIG/Dakar.

Thank you in advance for taking necessary action to address our recommendations.

Please do not hesitate to contact me or Michelle Diouf at mgdiouf@usaid.gov, should you have any question.