



MEMORANDUM

DATE: July 10, 2018

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

FROM: Acting Regional Inspector General/Pretoria, Louis Duncan, Jr. /s/

SUBJECT: Audit of USAID Resources Managed by West Africa Network for Peace Building Under Agreement AID-624-A-15-00003, March 1, 2015, to February 28, 2017 (Report No. 4-624-18-085-R)

This memorandum transmits the final audit report on USAID resources managed by West Africa Network for Peace Building (WANEP) for the Mitigating Election Violence Through National Early Warning Systems (NEWS) program. WANEP contracted with the independent certified public accounting firm PricewaterhouseCoopers (PWC), Accra, Ghana to conduct the audit. The audit firm stated that 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 an external peer review because no such program is offered by Institute of Chartered Accountants or any professional firm in Ghana. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on WANEP's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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.

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 WANEP's internal controls; (3) determine whether WANEP 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, PWC (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 WANEP as incurred from March 1, 2015, to February 28, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to WANEP'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) did not determine that the review of the indirect cost rate was required; and (5) reviewed the implementation status of the prior period recommendations. WANEP spent \$1,111,047 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 \$16,988 in ineligible questioned costs and one instance of material noncompliance. We have identified an additional noncompliance finding for withholding tax not deducted on page 20 of the audit report which we deemed to be material.

OIG chose not to track two instances of noncompliance identified on page 17 to 18 of the audit report, because we deem them to be minor.

During our desk review, we noted several minor issues which the audit firm should address in future audit reports. We presented these issues in a memorandum to the controller, dated July 10, 2018.

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

Recommendation 1. Determine the allowability of \$16,988 in ineligible questioned costs on page 5 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that West Africa Network for Peace Building corrects the two instances of material noncompliance detailed on pages 19 and 20 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").