



## MEMORANDUM

**DATE:** July 17, 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 Ghana Institute of Management and Public Administration in Multiple Countries<sup>1</sup> Under Agreement AID-624-A-15-00009, May 1, 2015, to December 31, 2016 (Report No. 4-624-18-086-R)

This memorandum transmits the final audit report on USAID Resources Managed by Ghana Institute of Management and Public Administration (GIMPA) to manage the Young African Leaders Initiative (YALI) program. GIMPA contracted with the independent certified public accounting firm AKUS Consult, 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 and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>2</sup>

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), except that the audit firm does not have a continuing education program that fully satisfies the requirement set in chapter 3.76 of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on GIMPA's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>3</sup>

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<sup>1</sup> The agreement is implemented in the following countries in Anglophone West Africa (The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone), Burkina Faso, Cote d'Ivoire, Togo, and Cameroon.

<sup>2</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

<sup>3</sup> 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 GIMPA's internal controls; and (3) determine whether GIMPA complied with award terms and applicable laws and regulations.

To answer the audit objectives, AKUS Consult (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 GIMPA as incurred from May 1, 2015, to December 31, 2016; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to GIMPA's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; and (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. GIMPA spent \$3,153,524 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 \$40,932 in total questioned costs (\$26,911 ineligible and \$14,021 unsupported); two significant deficiencies in internal control; and three instances of material noncompliance. However RIG/Pretoria noted that the questioned costs for interest not remitted to USAID on page 13 of the audit report was calculated and classified incorrectly as \$3,477 in unsupported costs, instead of \$3,447 in ineligible costs. Which revises the total questioned costs to \$40,893 instead of \$40,932.<sup>4</sup> We also deem three deficiencies in internal controls identified on page 18 and 19 of the report to be significant, instead of two significant deficiencies reported in the internal control report.

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 July 17, 2018.

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

**Recommendation I.** Determine the allowability of \$40,893 in questioned costs (\$30,358 ineligible and \$10,535 unsupported) on page 13 of the audit report and recover any amount that is unallowable.

<sup>4</sup> Excess Interest and questioned costs re-calculated:

A	+	B	=	C
Interest earned as per FAS		Interest withheld for administrative expense		Interest questioned
\$3,697		-\$250		=\$3,447
Ineligible questioned costs		Unsupported questioned costs		Total questioned costs
(\$26,911 + \$3,447) = \$30,358		+\$10,535		=\$40,893

**Recommendation 2.** Verify that Ghana Institute of Management and Public Administration correct the three significant deficiencies in internal control detailed on pages 18 and 19 of the audit report.

**Recommendation 3.** Verify that Ghana Institute of Management and Public Administration correct the three instances of material noncompliance detailed on pages 23 and 24 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”).