



MEMORANDUM

DATE: August 23, 2018

TO: USAID/Ghana, Mission Director, Sharon Cromer

FROM: Regional Inspector General/Pretoria, Robert Mason /s/

SUBJECT: Audit of USAID Resources Managed by Tolon District Assembly in Ghana Under Agreement 641-AA-14-IL#004, September 3, 2014, to December 31, 2016 (Report No. 4-641-18-098-R)

This memorandum transmits the final audit report on USAID resources managed by Tolon District Assembly (TDA). TDA contracted with the Supreme Audit Institution, Audit Services, Accra, Ghana to conduct the audit. The audit institute stated that the contract required the audit institute to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit institute states that it performed its audit in accordance with GAGAS, except that the audit institute did not have external quality control review programs that fully satisfied the requirements set forth in GAGAS. The audit institute is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on TDA'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 TDA's internal controls; (3) determine whether TDA complied with award terms and applicable laws and regulations (4) review the indirect cost rate, or determined that the review of the indirect cost rate was not applicable; and (5) review the implementation status of the prior period recommendations.

¹ We reviewed the audit institute'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, Audit Services 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 TDA as incurred from September 3, 2014, to December 31, 2016; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to TDA'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) determined that this was the first audited period and a review of the implementation status of the prior period recommendations was not applicable. TDA reported expenditures of \$791,415 in USAID funds during the audited period.

The audit institute 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 \$183,398 in total questioned costs (\$5,917 ineligible and \$177,481 unsupported). In addition, the audit institute identified one significant deficiency in internal control and one instance of material noncompliance. The audit also identified unsupported questioned cost sharing contributions of \$33,970.

During our desk review, we noted several minor issues which the audit institute will need to address in future audit reports. We presented these issues in a memo to the controller, dated August 23, 2018.

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

Recommendation 1. Determine the allowability of \$183,398 in questioned costs (\$5,917 ineligible and \$177,481 unsupported) on pages 14 and 16 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Tolon District Assembly corrects the one significant deficiency in internal control detailed on pages 21 and 22 of the audit report.

Recommendation 3. Verify that Tolon District Assembly corrects the one instance of material noncompliance detailed on page 25 of the audit report.

Recommendation 4. Determine the allowability of \$33,970 in unsupported questioned cost sharing contributions identified on page 28 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”).