



## MEMORANDUM

**DATE:** October 15, 2018

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

**FROM:** Regional Inspector General/Pretoria, Rob Mason /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by West and Central African Council for Agricultural Research and Development Under Multiple Agreements and in Multiple Countries, January 1 to December 31, 2015 (Report No. 4-624-19-001-R)

This memorandum transmits the audit report on USAID resources managed by West and Central African Council for Agricultural Research and Development (CORAF /WECARD). CORAF/WECARD contracted with the independent certified public accounting firm Mazars (Dakar, Senegal) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS).

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that the audit firm did not have an external quality control review program 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 CORAF/WECARD's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

Agreements included in this audit report are (1) 624-A-00-09-00037-00 and (2) AID-624-A-12-00007. Countries in which these agreements are implemented include Burkina Faso, Mali, Mauritania, Niger, Senegal, Chad, Benin, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Nigeria, Sierra Leone, Togo, Cameroon, Congo, Gabon, Central African Republic and Democratic Republic of Congo.

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<sup>1</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 the CORAF/WECARD's internal controls; (3) determine whether CORAF/WECARD complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, Mazars (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 CORAF/WECARD as incurred from January 1 to December 31, 2015; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to CORAF/WECARD'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; and (4) reviewed the implementation status of prior period recommendations. CORAF/WECARD reported expenditures of \$3,492,700 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 \$10,682 in ineligible questioned costs. The audit firm also identified one significant deficiency in internal control and two instances of material noncompliance. In addition, we learned that the period end for agreement 624-A-00-09-00037-00 was March 31, 2015; however, closeout procedures were not referred to in the report. The audit firm also issued a management letter.

During our desk review, we noted several issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated October 15, 2018.

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

**Recommendation 1.** Determine the allowability of \$10,682 in ineligible questioned costs identified on pages 16, 18, 29, and 30 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that West and Central African Council for Agricultural Research and Development corrects the one significant deficiency in internal control detailed on page 24 of the audit report.

**Recommendation 3.** Verify that West and Central African Council for Agricultural Research and Development corrects the two instances of material noncompliance detailed on pages 29 and 30 of the audit report.

**Recommendation 4.** Verify that all closeout procedures regarding agreement 624-A-00-09-00037-00 with West and Central African Council for Agricultural Research and Development are finalized and that a disposition plan is in place.

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”).