



MEMORANDUM

DATE: October 22, 2018

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

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

SUBJECT: Financial Audit of USAID Resources Managed by West and Central African Council for Agricultural Research and Development in Multiple Countries Under Cooperative Agreement AID-624-A-12-00007, January 1, to December 31, 2016 (Report No. 4-624-19-015-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 external quality control review programs 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.¹

Countries in which the agreement are implemented: Burkina Faso, Mali, Mauritania, Niger, Senegal, Chad, Benin, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea Conakry, Guinea Bissau, Liberia, Nigeria, Sierra Leone, Togo, Cameroon, Congo, Gabon, Central African Republic and Democratic Republic of Congo.

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 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 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, 2016; (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 \$3,347,330 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 \$52,428 in questioned cost (\$2,096 ineligible and \$50,332 unsupported). The report identified two significant deficiencies in internal control and two instances of material noncompliance. The audit report also referred to four prior period noncompliance issues not yet resolved at December 31, 2016; however, these pertained to issues that either have been closed subsequent to the audit period or are related to questioned costs still awaiting determination of allowability. In addition we determined that agreement 624-A-00-09-00037-00 ended March 2015 and closeout procedures should have been included in the 2015 report as recommended previously.

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 22, 2018.

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

Recommendation 1. Determine the allowability of \$52,428 in questioned cost (\$2,096 in ineligible and \$50,332 in unsupported questioned cost) identified on pages 15, 16, and 18 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 two significant deficiencies in internal control detailed on pages 23 to 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 28 and 29 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”).