



## MEMORANDUM

**DATE:** November 20, 2018

**TO:** USAID/Guinea, Mission Director, Jeff Bryan

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Organisation Catholique pour la Promotion Humaine Caritas Guinea Under Cooperative Agreement AID-675-A-15-00002, December 1, 2015, to December 31, 2017 (Report No. 4-675-19-021-R)

This memorandum transmits the final audit report on USAID resources managed by Organisation Catholique pour la Promotion Humaine (OCPH) Caritas Guinea. OCPH Caritas Guinea contracted with the independent certified public accounting firm Auditeurs Associés en Afrique, Conakry, Guinea 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 GAGAS, 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 OCPH Caritas Guinea's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 OCPH Caritas Guinea's internal controls; (3) determine whether OCPH Caritas Guinea 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.

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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.

To answer the audit objectives, Auditeurs Associés en Afrique (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 OCPH Caritas Guinea as incurred from December 1, 2015, to December 31, 2017; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to OCPH Caritas Guinea'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 a fixed indirect cost rate was applicable; and (5) determined that the review of the implementation status of the prior period recommendations is not applicable since this is the first audit of the project. OCPH Caritas Guinea reported expenditures of \$906,503 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 \$2,371 in ineligible questioned costs. The audit firm also reported one material weakness and two significant deficiencies in internal control and two instances of material noncompliance. In addition, the audit firm reported that the actual cost-sharing contribution for the period under review was \$12,375; the remaining \$101,949 shown on the schedule represents planned cost-sharing to be contributed in 2018.

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 memo to the controller, dated November 20, 2018.

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

**Recommendation 1.** Determine the allowability of \$2,371 in ineligible questioned costs on pages 14 and 17 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Organisation Catholique pour la Promotion Humaine Caritas Guinea corrects the one material weakness and two significant deficiencies in internal control detailed on pages 24 to 26 of the audit report.

**Recommendation 3.** Verify that Organisation Catholique pour la Promotion Humaine Caritas Guinea corrects the two instances of material noncompliance detailed on pages 29 and 30 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”).