



## MEMORANDUM

**DATE:** January 14, 2020

**TO:** USAID/Senegal, Regional Director, Peter Trenchard

**FROM:** USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by Centre Africa in D'estudes Superieures en Gestion in Multiple Countries Under Cooperative Agreement AID-685-A-16-00001, November 25, 2015, to December 31, 2016 (Report No. 4-685-20-025-R)

This memorandum transmits the final audit report on USAID resources managed by Centre Africa in D'estudes Superieures en Gestion (CESAG) in Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Mali, Mauritania, Niger, Sao Tome y Principe, Senegal and Togo. CESAG contracted with the independent certified public accounting firm KPMG, Dakar, Senegal, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS), except that the audit firm did not have continuing professional education and 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 CESAG'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 CESAG's internal controls; (3) determine whether CESAG complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of prior period recommendations.

To answer the audit objectives, KPMG (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 CESAG as incurred from November 25, 2015, to December 31, 2016; (2) evaluated the control environment, the

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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.

adequacy of the accounting systems, and control procedures that pertain to CESAG'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) reviewed the implementation status of prior period recommendations. CESAG reported expenditures of \$1,571,500 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 \$141,483 in ineligible questioned costs; 15 material weaknesses in internal control; and one instance of material noncompliance as well as a finding on the cost sharing contributions. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/Senegal determine if the recipient addressed the issues noted.

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 controller, dated January 14, 2020.

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

**Recommendation 1.** Determine the allowability of \$141,483 in ineligible questioned costs on pages 28 and 33 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Centre Africa in D'estudes Superieures en Gestion corrects the 15 material weaknesses in internal control detailed on pages 49, 51, 52, 54, 55, 56, 58, 59, 60, and 61 of the audit report.

**Recommendation 3.** Verify that Centre Africa in D'estudes Superieures en Gestion corrects the two instances of material noncompliance detailed on pages 40 and 44 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").