



## MEMORANDUM

**DATE:** January 27, 2020

**TO:** USAID Bureau for Africa, Coordinator for Power Africa, Andrew M. Herscowitz

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

**SUBJECT:** Financial Audit of USAID Resources Managed by Tony Blair Institute in Eastern and Western Africa Under Agreement AID-623-A-14-00001, January 1 to December 31, 2018 (Report No. 4-698-20-035-R)

This memorandum transmits the final audit report on USAID Resources Managed by Tony Blair Institute (TBI). TBI contracted with the independent certified public accounting firm BDO LLP, London, United Kingdom, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it 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 TBI'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 TBI's internal controls; (3) determine whether TBI complied with award terms and applicable laws and regulations; (4) assess whether cost-sharing or matching contributions were provided and accounted for; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, BDO (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 TBI as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of

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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 accounting systems, and control procedures that pertain to TBI'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 there were no cost-sharing contributions this year because cost-share requirements have already been met; and (5) reviewed the implementation status of the prior period recommendations. TBI reported expenditures of \$4,125,888 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 \$6,528 in total questioned costs (\$6,396 ineligible and \$132 unsupported) and three significant deficiencies in internal control. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that Power Africa determine the allowability of the \$6,528 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that Power Africa determine if the recipient addressed the issues noted. Accordingly, we do not make any recommendations.

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 January 27, 2020.

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").