



MEMORANDUM

DATE: April 16, 2020

TO: USAID/Ghana, Mission Director, Sharon Cromer

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

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Integrated Water and Agricultural Development in Ghana Under Cooperative Agreement AID-641-A-16-00001, January 19, 2016, to July 18, 2019 (Report No. 4-641-20-054-R)

This memorandum transmits the final audit report on USAID resources managed by Integrated Water and Agricultural Development (IWAD) in Ghana. IWAD contracted with the independent certified public accounting firm Baker Tilly, Accra, Ghana, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have continuing professional education and an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on IWAD's fund accountability statement, the effectiveness of its internal control, or its compliance with the award, laws, and regulations.¹

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 IWAD's internal controls; (3) determine whether IWAD complied with award terms and applicable laws and regulations; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations.

To answer the audit objectives, Baker Tilly (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 IWAD as incurred from January 19, 2016, to July 18, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to IWAD'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

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

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) determined that the review of prior period recommendations was not required. IWAD reported expenditures of \$1,808,818 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 \$28,645 in ineligible questioned costs; no material weaknesses in internal control; and four instances of material noncompliance. The report also included \$47,625 in ineligible questioned cost sharing contributions. In addition, although we are not making a recommendation for significant deficiencies noted in the report and procedural noncompliance findings since the audit is a closeout, we suggest that USAID/Ghana 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 the controller, dated April 16, 2020.

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

Recommendation 1. Determine the allowability of \$28,654 in ineligible questioned costs identified on page 12 of the audit report and recover any amount that is unallowable.

Recommendation 2. Determine the allowability of \$47,625 in ineligible questioned cost sharing contributions identified on page 19 of the audit report and take any corrective action deemed necessary under ADS 303.3.10.

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").