



MEMORANDUM

DATE: June 3, 2020

TO: USAID/Nigeria, Mission Director, Stephen M. Haykin

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

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Widows and Orphans Empowerment Organisation in Nigeria Under Cooperative Agreement AID-620-A-14-00005, January 1, 2018, to July 21, 2019 (Report No. 4-620-20-008-N)

This memorandum transmits the final audit report on USAID resources managed by Widows and Orphans Empowerment Organisation (WEWE). USAID/Nigeria contracted with the independent certified public accounting firm PricewaterhouseCoopers (PwC), Lagos, Nigeria, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on WEWE'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 WEWE's internal controls; (3) determine whether WEWE complied with award terms and applicable laws and regulations; and (4) review the implementation status of the prior period recommendations.

To answer the audit objectives, PwC (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 WEWE as incurred from January 1, 2018, to July 21, 2019; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to WEWE'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

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.

accountability statement; and (4) reviewed the implementation status of the prior period recommendations. WEWE reported expenditures of \$3,234,703 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. The audit firm identified \$15,016 in ineligible questioned costs; no material weaknesses in internal control; and two instances of material noncompliance specifically related to the questioned costs. 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 for the questioned costs and instances related to the questioned costs. Nevertheless, we suggest that USAID/Nigeria determine the allowability of the \$15,016 in ineligible questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for deficiencies in internal control and immaterial instances of noncompliance noted in the report, we suggest that USAID/Nigeria determine if the recipient addressed the issues noted. The audit firm also issued a management letter.

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 June 3, 2020.

Accordingly, we are not making any recommendations.

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").