



MEMORANDUM

DATE: September 9, 2021

TO: USAID/Nigeria, Mission Director, Anne Patterson

FROM: USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

SUBJECT: Financial Audit of USAID Resources Managed by Heartland Alliance LTD/GTE in Nigeria Under Cooperative Agreement 72062020CA00001, October 28, 2019, to December 31, 2020 (Report No. 4-620-21-093-R)

This memorandum transmits the final audit report on USAID resources managed by Heartland Alliance LTD/GTE (HALG) under the Key Population Community HIV Services Action and Response Program. HALG contracted with the independent certified public accounting firm Deloitte & Touche, Abuja, Nigeria, 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 HALG'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 HALG's internal controls; (3) determine whether HALG 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, Deloitte & Touche (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the

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.

revenues received from USAID for the period covered by the audit and the costs reported by HALG as incurred from October 28, 2019, to December 31, 2020; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to HALG '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; and (4) determined the review of the implementation status of the prior period recommendations was not applicable . HALG reported expenditures of \$9,728,353 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 no questioned costs; no material weakness in internal control; and one instance of material noncompliance. The audit firm also issued a management letter.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the controller, dated September 9, 2021.

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

Recommendation 1. Verify that Heartland Alliance LTD/GTE corrects the one instance of material noncompliance detailed on page 33 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").