



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** September 20, 2022

**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 Society for Family Health in Nigeria Under Multiple Awards, January 1 to December 31, 2021 (Report No. 4-620-22-097-R)

This memorandum transmits the final audit report on USAID resources managed by Society for Family Health (SFH) under the following awards:

Award Name (Type)	Award Number	Audited Period	Prime Implementer
Key Population Community HIV Services Action and Response (KP-CARE 2) (cooperative agreement)	72062019CA00009	Jan. 1 – Dec. 31, 2021	
Integrated Child Health and Social Service Award (ICHSSA 3) (cooperative agreement)	72062020CA00003	Jan. 1 – Dec. 31, 2021	
Tuberculosis Local Organizations Network Activity (TB LON 3) (subaward)	SR/72062020CA00008A	Jan. 1 – Dec. 31, 2021	Institute of Human Virology of Nigeria (IHVN)
Tuberculosis Local Organizations Network, Regions 1 and 2 (TB LON 1 and 2 (subaward)	SR/72062020CA00007	Nov. 1 – Dec. 31, 2021	Koninklijke Nederlandse Chemische Vereniging (KNCV)

SFH contracted with the independent audit 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. However, it did not have an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on SFH's schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate SFH's internal controls; (3) determine whether SFH complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, Deloitte & Touche (1) audited the schedule of expenditures of USAID awards 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 SFH as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to SFH's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (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 schedule of expenditures of USAID awards; (4) determined that the review of the indirect cost rate was not applicable; and (5) reviewed the implementation status of the prior period recommendations. SFH reported expenditures of \$6,639,355 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards 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 weaknesses in internal control; and no instances of material noncompliance. In addition, although we are not making a recommendation for the significant deficiency identified in the management letter issued as part of the audit report, we suggest that USAID/Nigeria determine if the recipient addressed the issue noted.

Accordingly, we are not making any recommendations.

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").

---

<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.