



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 19, 2025

TO: USAID/Nigeria, Mission Director, Melissa A. Jones

FROM: USAID OIG Africa Regional Office, Audit Director, Ryan Werner /s/

SUBJECT: Financial Audit of USAID Resources Managed by Association for Reproductive and Family Health in Nigeria Under Cooperative Agreement 72062020CA00004, January 1 to December 31, 2023 (Report No. 4-620-25-062-R)

This memorandum transmits the final audit report on USAID resources managed by Association for Reproductive and Family Health (ARFH) under the Integrated Child Health and Social Services Award project. ARFH contracted with the independent audit firm Deloitte and Touché, Abuja, Nigeria to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards. However, it did not have an external peer review and continuing professional education 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 ARFH's schedule of expenditures of USAID awards; 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 schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate ARFH's internal controls; (3) determine whether ARFH 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 and Touché (1) audited the schedule of expenditures of USAID awards including 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 ARFH as incurred from January 1 to December 31, 2023; (2) evaluated the control environment, the adequacy of the account systems, and control procedures that pertain to ARFH's ability to

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.

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 determine which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards; and (4) reviewed the implementation status of the prior period recommendations. ARFH reported expenditures of \$1,954,546 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 \$41 in ineligible questioned costs; no material weaknesses in internal control; and one instance of material noncompliance (which are related to the questioned costs noted above). Since the questioned cost 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 associated instance of material noncompliance. Nevertheless, we suggest that USAID/Nigeria determine the allowability of the \$41 in questioned costs and recover any amount determined to be unallowable. The audit firm identified immaterial weaknesses in internal control that are detailed in a management letter from page 33 of the audit report.

Accordingly, we are not making any recommendations.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated February 19, 2025.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.