



MEMORANDUM

DATE: December 9, 2019

TO: USAID/Liberia, Mission Director, Sara Walter

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

SUBJECT: Financial Closeout Audit of USAID Resources Managed by Ministry of Finance and Development Planning in Liberia Under Grant Agreement 669-BPA-DO3-14-001, September 1, 2014, to September 30, 2015 (Report No. 4-669-20-003-N)

This memorandum transmits the final audit report on USAID resources managed by Ministry of Financial and Development Planning (MFDP) in Liberia under grant agreement 669-BPA-DO0-14-001. Liberia's supreme audit institution, General Auditing Commission, Monrovia, Liberia conducted the audit under its memorandum of understanding with USAID/Liberia. The supreme audit institution states that it performed its audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). The supreme audit institution is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MFDP'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 MOH's internal controls; and (3) determine whether MOH complied with award terms and applicable laws and regulations.

To answer the audit objectives, the General Auditing Commission (1) audited 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 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 MOH as incurred from September 1, 2014, to September 30, 2015. Ministry of Financial and Development Planning reported expenditures of \$12,219,259 in USAID funds during the audited period.

The General Auditing Commission issued a disclaimer of opinion on the fund accountability statement, primarily due to not being able to obtain sufficient appropriate audit evidence. The auditors noted that an additional spending of \$2,219,259 which was in excess of the \$10,000,000 award was not substantiated with authorization from USAID and that of the total costs incurred only \$7,175,151 was supported. Furthermore, MFDP did not take responsibility for the fund accountability statement. The audit firm issued a management letter.

During our desk review, we noted several issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated December 9, 2019.

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

Recommendation 1. Determine the allowability of \$2,824,849² in unsupported questioned costs on page 5 of the audit report and recover any amount that is unallowable.

Recommendation 2. Determine the allowability of the remaining \$7,175,151 in costs based upon General Auditing Commission's disclaimer of opinion and recover from Ministry of Financial and Development Planning determined to be unallowable.

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").

² \$10,000,000-7,175,151=\$2,824,849