



MEMORANDUM

DATE: June 8, 2021

TO: USAID/Nigeria, Mission Director, Anne Patterson

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

SUBJECT: Financial Audit of USAID Resources Managed by KNCV Tuberculosis Foundation Nigeria Under Cooperative Agreement 72062020CA00007, March 12 to September 30, 2020 (Report No. 4-620-21-065-R)

This memorandum transmits the final audit report on USAID resources managed by KNCV Tuberculosis Foundation Nigeria. KNCV Tuberculosis Foundation Nigeria contracted with the independent certified public accounting firm Deloitte & Touche (Deloitte), 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 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 KNCV Tuberculosis Foundation Nigeria'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 KNCV Tuberculosis Foundation Nigeria's internal controls; (3) determine whether KNCV Tuberculosis Foundation Nigeria 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 (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 KNCV

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.

Tuberculosis Foundation Nigeria as incurred from March 12 to September 30, 2020; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to KNCV Tuberculosis Foundation Nigeria'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) reviewed the implementation status of the prior period recommendations. KNCV Tuberculosis Foundation Nigeria reported expenditures of \$3,771,628 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 \$2,027 in total unsupported questioned costs; no material weaknesses in internal control; and three instances of material noncompliance specifically related to the questioned costs identified. 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 related findings. Nevertheless, we suggest that USAID/Nigeria determine the allowability of the \$2,027 in questioned costs and recover any amount determined to be unallowable. The audit firm included a management letter as part of the audit report.

Accordingly, we are not making any recommendations.

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 8, 2021.

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").