



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** March 28, 2023

**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, January 1 to December 31, 2021 (Report No. 4-620-23-003-N)

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 (KP-CARE 1). USAID/Nigeria contracted with the independent audit firm KPMG, Lagos, Nigeria to conduct the audit. The audit firm stated that it performed its audit in accordance with international auditing standards in conjunction with generally accepted government auditing standards. However, it did not have an external peer review program that fully satisfy the standard's requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on HALG'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 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, KPMG (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 HALG 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 HALG'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

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<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.

regulations and determined which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards; and (4) determined that the review of prior audit recommendations as not applicable. HALG reported expenditures of \$14,033,936 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; and no instances of material noncompliance. The audit firm issued a management letter.

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 March 28, 2023.

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").