



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

MEMORANDUM

DATE: November 16, 2022

TO: USAID/Senegal, Mission Director, Peter Trenchard

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

SUBJECT: Financial Audit of USAID Resources Managed by Ministry of Health and Social Welfare/National Malaria Control Program in Senegal Under Multiple Implementing Letters, January 1 to December 31, 2021 (Report No. 4-685-23-027-R)

This memorandum transmits the final audit report USAID resources managed by Ministry of Health and Social Welfare and the National Malaria Control Program (MSAS/NCMP) under three Implementation Letters: No 685-012-14, No 685-012-14-02, and No 685-012-012-07. MSAS/NMCP contracted with the independent audit firm Audit & Management Consulting Services (AMCS), Dakar, Senegal 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 MSAS/NMCP'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 MSAS/NMCP's internal controls; (3) determine whether MSAS/NMCP 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, AMCS (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 MSAS/NMCP as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the

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.

adequacy of the accounting systems, and control procedures that pertain to MSAS/NMCP'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. MSAS/NMCP reported expenditures of \$977,387 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 except for \$265,587 in total questioned costs (\$89,798 ineligible and \$175,789 unsupported). The audit firm identified one material weakness in internal control and six instances of material noncompliance.

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 November 16, 2022.

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

Recommendation 1. Determine the allowability of \$265,587 in questioned costs (\$89,798 ineligible, \$175,789 unsupported) on pages 18,19 and 23 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Ministry of Health and Social Welfare/National Malaria Control Program corrects the one material weakness in internal control detailed on pages 44 and 45 of the audit report.

Recommendation 3. Verify that Ministry of Health and Social Welfare/National Malaria Control Program corrects the six instances of material noncompliance detailed on pages 50 to 57 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").