



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

MEMORANDUM

DATE: January 11, 2023

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 African Center for Advanced Studies in Management in Multiple Countries Under Cooperative Agreement AID-685-A-16-00001, January 1 to December 31, 2021 (Report No. 4-685-23-044-R)

This memorandum transmits the final audit report on USAID resources managed by the African Center for Advanced Studies in Management (CESAG) for the Young African Leaders Initiative (YALI) West Africa Regional Leadership Center in Dakar. YALI West Africa provides training to future African leaders from Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, São Tomé and Príncipe, Senegal, and Togo. CESAG 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 CESAG'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 CESAG's internal controls; (3) determine whether CESAG 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 CESAG as incurred

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.

from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to CESAG'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. CESAG reported expenditures of \$1,105,581 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 \$21,771 in unsupported questioned costs. The audit firm identified three material weaknesses in internal control and two instances of material noncompliance. 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 the related internal control and compliance findings. Nevertheless, we suggest that USAID/Senegal determine the allowability of the \$21,771 in questioned costs and recover any amount determined to be unallowable. The audit firm also issued a management letter.

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 January 11, 2023.

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

Recommendation 1. Verify that African Center for Advanced Studies in Management corrects the two material weaknesses in internal control detailed on pages 32, 35, and 36 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").