



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

MEMORANDUM

DATE: June 8, 2022

TO: USAID/Liberia, Mission Director, James Wright

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

SUBJECT: Agreed-Upon Procedures Engagement of USAID Resources Managed by Education Development Center Inc. in Liberia Under Cost-Plus-Fixed-Fee Contract AID-669-TO-17-00001, March 2, 2017, to July 31, 2021 (Report No. 4-669-22-001-O)

This memorandum transmits the results of the agreed-upon procedures (AUP) engagement of USAID resources managed by Education Development Center, Inc. (EDC) for implementing the Accelerated Quality Education for Liberia Children (AQE) project. USAID/Liberia contracted with the independent certified public accounting firm IBS Management & Consultancy Services, Washington, D.C., to conduct the AUP. The audit firm stated that the AUP engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) as well as generally accepted government auditing standards (GAGAS). The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on EDC's the results of the AUP; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The AUP objectives were to (1) determine whether all cost elements for costs incurred, billed, and reimbursed by USAID are allowable, allocable, reasonable; accurately recorded and reported; supported by appropriate documentation; and in conformity with the terms of the agreement and generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis); (2) evaluate and obtain a sufficient understanding of EDC's internal control related to the award; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses; (3) determine whether EDC complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations, including potential fraud or abuse that may have occurred; (4) determine and

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 report itself and excludes review of the audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the AUP performed.

report on whether EDC has taken adequate corrective action on prior external audit report recommendations or other external assessment recommendations; and (5) report on the results of the AUP.

To answer the objectives of this engagement IBS Management & Consultancy Services (I) performed audit planning and risk assessment to gain an understanding of the nature of EDC's contract awarded by USAID/Liberia, EDC's accounting system used for recording costs under the contract, and the conditions under which EDC managed its USAID contract, by reviewing such items as the contract, modifications, applicable regulations, accounting policies and procedures manuals, reports by others, and internal controls over contract financial management and administration, in order to determine whether costs were allowable, allocable, reasonable; accurately recorded and reported; supported by appropriate documentation; and in conformity with the terms of the agreement and generally accepted accounting principles or other comprehensive basis of accounting; (2) evaluated and obtained a sufficient understanding of EDC's internal control related to the award; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses; 3) determined whether EDC complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations, including potential fraud or abuse that may have occurred; (4) determined and reported on whether EDC has taken adequate corrective action on prior external audit report recommendations or other external assessment recommendations; and (5) reported on the results of the AUP. EDC received payments of approximately \$33,982,732 under the contract.

According to the audit firm the AUP did not constitute an audit or a review of financial statements or any part thereof, the objective of which is the expression of an opinion or conclusion; accordingly, they did not express such an opinion or conclusion. The audit firm identified \$1,176,449 in total questioned costs (\$1,174,191 ineligible and \$2,258 unsupported).

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

Recommendation 1. Determine the allowability of \$1,176,449 in questioned costs (\$1,174,191 ineligible, \$2,258 unsupported) on pages 2, and 7 to 10 of the agreed-upon-procedure report and recover any amount that is unallowable.

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").