

## **MILLENNIUM CHALLENGE ACCOUNT – NIGER (MCA-NIGER)**

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## **AUDIT REPORT**

**FINANCIAL AUDIT OF THE  
MILLENNIUM CHALLENGE CORPORATION (MCC) RESOURCES MANAGED BY  
THE MILLENNIUM CHALLENGE ACCOUNT - NIGER (MCA-NIGER) UNDER THE  
COMPACT AGREEMENT BETWEEN MCC AND THE GOVERNMENT OF NIGER**

**Audit Period: Optional Period #3  
October 1, 2019 to March 31, 2020**

***December 2020***

## Table of Contents

<b>1 BACKGROUND</b> .....	<b>5</b>
<b>2 PROGRAM DESCRIPTION</b> .....	<b>5</b>
<b>3. AUTHORIZED PARTIES</b> .....	<b>6</b>
<b>3.1. MCA-NIGER</b> .....	<b>6</b>
<b>3.2. PROCUREMENT AGENT</b> .....	<b>7</b>
<b>3.3. FISCAL AGENT</b> .....	<b>7</b>
<b>3.4. IMPLEMENTING ENTITIES</b> .....	<b>8</b>
<b>4 OBJECTIVES AND SCOPE OF THE AUDIT</b> .....	<b>8</b>
<b>4.1 OBJECTIVE</b> .....	<b>8</b>
<b>4.2 AUDIT PERIOD</b> .....	<b>9</b>
<b>4.3 AUDIT SCOPE</b> .....	<b>9</b>
<b>5 SUMMARY OF RESULTS</b> .....	<b>14</b>
<b>5.1 FUND ACCOUNTABILITY STATEMENT</b> .....	<b>14</b>
<b>5.2 INTERNAL CONTROL STRUCTURE</b> .....	<b>14</b>
<b>5.3 COMPLIANCE WITH AGREEMENT TERMS AND APPLICABLE LAWS AND REGULATIONS</b> .....	<b>14</b>
<b>5.4 RECOMMENDATIONS FOR THE YEAR</b> .....	<b>14</b>
<b>5.5 SCOPE LIMITATIONS</b> .....	<b>14</b>
<b>5.6 COST-SHARING CONTRIBUTIONS</b> .....	<b>14</b>
<b>6. INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FUND ACCOUNTABILITY STATEMENT FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020 – 609(G) AND COMPACT</b> .....	<b>15</b>
<b>6.0 CONSOLIDATED FUND ACCOUNTABILITY STATEMENT FOR THE OPTIONAL PERIOD #3 (FROM OCTOBER 1, 2019 TO MARCH 31, 2020)</b> .....	<b>17</b>
<b>6.1 FUND ACCOUNTABILITY STATEMENT – 609(G) FOR THE OPTIONAL PERIOD #3 (FROM OCTOBER 1, 2019 TO MARCH 31, 2020)</b> .....	<b>18</b>
<b>6.2 NOTES TO THE FUND ACCOUNTABILITY STATEMENT – 609(G)</b> .....	<b>19</b>
<b>6.3. FUND ACCOUNTABILITY STATEMENT – COMPACT FOR THE OPTIONAL PERIOD #3 (FROM OCTOBER 1, 2019 TO MARCH 31, 2020)</b> .....	<b>20</b>
<b>6.4 NOTES TO THE FUND ACCOUNTABILITY STATEMENT – COMPACT</b> .....	<b>21</b>
<b>7. INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020</b> .....	<b>22</b>
<b>8. INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020</b> .....	<b>24</b>
<b>9. SCHEDULE OF AUDIT FINDINGS</b> .....	<b>26</b>
<b>9.1 INTERNAL CONTROL</b> .....	<b>26</b>
<b>9.2 COMPLIANCE</b> .....	<b>26</b>
<b>APPENDICES</b> .....	<b>27</b>
<b>APPENDIX 1: FUND ACCOUNTABILITY STATEMENTS AND NOTES PREPARED AND ISSUED BY MCA-NIGER FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020</b> .....	<b>27</b>
<b>APPENDIX 2: MANAGEMENT REPRESENTATION LETTER</b> .....	<b>35</b>
<b>APPENDIX 3: STATUS OF PRIOR PERIOD AUDIT FINDINGS</b> .....	<b>38</b>

To

**Mr. OUHOUMODOU Mahamadou**  
**Chief of Staff of the Office of the Presidency of the Republic**  
**Chairman, MCA-Niger Board**

**RE:** Financial Audit of the MCC Resources Managed by MCA-Niger Under the Compact Agreement Between MCC and the Government of Niger.

**Period of the audit: October 1, 2019 to March 31, 2020**

We have completed financial audit of MCC Resources managed by the MCA-Niger, and hereby present the results of the audit.

Please find attached the following:

- Independent Auditor's Report on the consolidated fund accountability statement related to 609 (g) Grant agreement funding and the compact;
- Independent Auditor's Report on Internal Control;
- Independent Auditor's Report on Compliance;

Sincerely,

COFIMA Sarl



Cotonou, Benin  
December 30, 2020

## **Glossary of terms**

USA	United States of America
MCC	Millennium Challenge Corporation
MCA	Millennium Challenge Account
USAID	United States Agency for International Development
609(g)	Grant & Implementation Agreement signed between the USA and Government of Niger
CDF	Compact Development Fund
FAS	Financial Accountability Statement
USD	United States Dollar
ToR	Terms of Reference
CRA	Climate-Resilient Agriculture
PRAPS	Projet Regional d'Appui au Pastoralisme au Sahel/Niger
LPIU	Program Implementation Unit within the Ministry of Agriculture and Livestock
XOF	Francophone West African Currency
DR	Disbursement Request
QFR	Quarterly Financial Report
DFP	Detailed Financial Plan
DAF	Director of Administration and Finance
PIA	Program Implementation Agreement
FA	Fiscal Agent
PA	Procurement Agent
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
FAP	Fiscal Accountability Plan
PP	Procurement Plan
POM	Procurement Operations Manual
PRF	Payment Request Form
MYFP	Multi-Year Financial Plan
CPS	Common Payment System
PPG	Procurement Plan Guideline
M & E	Monitoring and Evaluation
AICPA	American Institute of Certified Public Accountants
GAAP	Generally Accepted Accounting Principles
SAS	Statements on Auditing Standards
COSO	Committee of Sponsoring Organizations of the Treadway Commission

## 1 BACKGROUND

The U.S. Government's Millennium Challenge Corporation (MCC) signed a five-year, \$437 million Compact with the Government of Niger on July 29, 2016, to reduce poverty through economic growth. The program to be implemented aims primarily at eradicating extreme poverty and promoting economic growth based on increased incomes and the productive and sustainable use of natural resources.

The Compact activities will be administered by MCA-Niger, an agency of the Government of Niger, with oversight by the MCC.

The Compact program entered into force on January 26, 2018 and will be implemented in five years. The Compact includes four components:

- Irrigation and Market Access Project.
- Climate-Resilient Communities Project.
- Monitoring and Evaluation; and,
- Program Management and Administration.

## 2 PROGRAM DESCRIPTION

### *Program Objective*

The objective of the Program is to increase rural incomes by improving the sustainable productive use of natural resources for agricultural production and improving trade and market access for agricultural products. The Program consists of two projects namely:

- the Irrigation and Market Access Project which aims to increase rural incomes through improvements in agricultural productivity and increases in sales resulting from modernized irrigated agriculture and flood management systems with sufficient trade and market access; and
- the Climate-Resilient Communities Project, which is designed to increase incomes for small-scale agricultural- and livestock-dependent families in Eligible Communes and Livestock Corridors in rural Niger by improving crop and livestock productivity, sustaining natural resources critical to production, supporting growth of agricultural enterprises, and increasing market sales of targeted commodities.

### *Multi-Year Financial Plan Summary*

As described in the Compact the multi-year financial plan of the program is summarized as follows:

Component	CDF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Irrigation and Market Access Project</b>							
Subtotal	9,556,000	17,280,000	57,487,000	72,696,000	71,017,000	26,528,000	254,564,000
<b>Climate-Resilient Communities Project</b>							
Subtotal	7,650,000	16,150,000	18,550,000	19,250,000	18,600,000	16,300,000	96,500,000
<b>Monitoring &amp; Evaluation</b>							
Subtotal	-	4,175,000	570,000	1,340,000	570,000	5,345,000	12,000,000
<b>Program Management and Administration</b>							
Subtotal	9,968,000	11,868,000	11,835,000	12,011,000	12,195,000	16,083,000	73,960,000
<b>TOTAL</b>	<b>27,174,000</b>	<b>49,473,000</b>	<b>88,442,000</b>	<b>105,297,000</b>	<b>102,382,000</b>	<b>64,256,000</b>	<b>437,024,000</b>

The CDF represents an amount granted by MCC to the Government upon the signing of the Compact under the terms of this Compact and in addition to the Program Funding described under Section 609(g) of the Millennium Challenge Act of 2003, as amended (the “MCA Act”), for use by the Government to facilitate implementation of this Compact, including for the following purposes: (i) financial management and procurement activities; (ii) administrative activities (including start-up costs such as staff salaries) and administrative support expenses such as rent, computers and other information technology or capital equipment; (iii) monitoring and evaluation activities; (iv) feasibility, design, and other project preparatory studies; and (v) other activities to facilitate Compact implementation as approved by MCC.

In September 2019, the budget of the Compact Development Fund was closed, and the bank balance was transferred to the Compact fund. The amount allocated to the Compact fund has therefore increased following the addition of the balance of the CDF.

### *Monitoring and Evaluation Plan*

The evaluation components for each project is portrayed in the table below:

	<b>Project 1: Irrigation and Market Access</b>	<b>Project 2: Climate-Resilient Communities</b>
Components	<ul style="list-style-type: none"> <li>- Irrigation Perimeter Development Activity</li> <li>- Management Services and Market Facilitation Activity</li> <li>- Roads for Market Access Activity</li> <li>- Policy Reform Activity</li> </ul>	<ul style="list-style-type: none"> <li>- CRA Activity</li> <li>- PRAPS Activity</li> </ul>

In addition to the monitoring and evaluation components, the other elements of the M&E Plan include the following modules:

- Management Information System whereby the M&E Plan describes the information system that will be used to collect data, store, process and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the M&E Plan is at all times accessible and useful to those who wish to use it.
- Budget that details cost estimate for all components of the M&E Plan.

The evaluation component consists of three evaluation types:

- impact,
- project performance,
- and special studies.

### **3. AUTHORIZED PARTIES**

The principal entities authorized to act in procurement and financial management matters related to the Compact are MCA-Niger, the Fiscal Agent, and the Procurement Agent.

#### **3.1. MCA-Niger**

MCA-Niger is the Accountable Entity responsible for the oversight and day-to-day management of the implementation of the Compact on behalf of the Government. The Board

of Directors oversees the functions of MCA-Niger and is responsible for evaluating and approving major decisions to be implemented by MCA-Niger.

The key staffs of MCA-Niger are hired through an open and competitive recruitment process. The appointment and dismissal of each key staff shall be subject to the prior approval of MCC. The Board has “review and approval” rights with respect to changes to the structure of MCA-Niger, including the addition or removal of positions. Changes to the structure of MCA-Niger shall be subject to the prior approval of MCC.

The Chief Executive Officer of MCA-Niger acts under the supervision of the Board and is responsible for the successful implementation of the Compact and management of MCA-Niger. In addition to the Chief Executive Officer, the key staffs are the Director of Programs, the Chief Financial Officer, the Procurement Director, the Monitoring and Evaluation Director, the Internal Audit and Compliance Manager, and the General Counsel.

The Chief Executive Officer is the primary individual responsible for:

- Procurement activities, including initiation of procurements through the Procurement Director and the Procurement Agent. Additional individuals may be designated to authorize procurement actions with the concurrence of MCC.
- Financial management activities, including authorization of payments and acceptance of invoices. Additional individuals may be designated to take action with regard to acceptance of invoices and authorization of payments with the concurrence of MCC.
- Signing all contracts on behalf of MCA-Niger after obtaining all necessary approvals.

As stated in the FAP, in general, if the MCA-Niger Director General is absent or unavailable, he is equally replaced by the Director of Programs, or the DAF or any other authorized representative designated in writing, for the signature of any correspondence, contract, invoice, and any other document whatsoever, required for MCA-Niger day-to-day management. An official email or memo signed from the DG will designate his delegate with the dates of the acting period.

### **3.2. Procurement Agent**

MCA-Niger appointed Cardno Emerging Markets USA, Ltd, to act as the Procurement Agent. The Procurement Agent is responsible for ensuring that procurement functions are performed in accordance with the agreements and procedures set out in the PPG, Procurement Agent Agreement, Procurement Operations Manual (POM) and the FAP. The principal individuals authorized to act on behalf of the Procurement Agent on all matters related to exercising the agency’s functions are:

- Director of Procurement or its delegate.

### **3.3. Fiscal Agent**

MCA-Niger appointed GFA & CPK Consortium to act as the Fiscal Agent. The Fiscal Agent is responsible for ensuring that financial management functions are executed in accordance with the MCC Guidelines, the Fiscal Agent Agreement and the FAP. The principal individuals authorized to act on behalf of the Fiscal Agent on all matters related to exercising the agency’s functions are:

- Fiscal Agent Manager,

- Project Director,
- Project Coordinator,
- Senior Payment Specialist,
- Senior Accountant Specialist.

### **3.4. Implementing Entities**

Under the agreements with MCC, MCA-Niger may enter into agreements with one or more Government affiliates to implement activities or a component thereof as an Implementing Entity (IE).

The form of each Implementing Entity Agreement (IEA) must be agreed upon with MCC by means of a “no-objection” and approved by the Board, each IEA:

For the PRAPS Activity and the CRA Activity, MCA-Niger will enter into the PRAPS Transfer Agreement and the CRA Transfer Agreement, respectively, which will outline the duties of the LPIU and the AgPIU with respect to implementation of such Activities, including, but not limited to, the role of embedded MCA-Niger staff in the LPIU and AgPIU, as well as the role of embedded Fiscal Agent and Procurement Agent.

## **4 OBJECTIVES AND SCOPE OF THE AUDIT**

### **4.1 Objective**

As mentioned in the ToR, the objective of this engagement is to conduct financial audits of the MCC resources, including both Compact Development Funding (CDF) and Compact Funding, managed by MCA-Niger under the Compact agreement between the MCC and the Government of Niger. The audit mission will be performed in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States and the Interim Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation’s Accountable Entities (the MCC’s Interim Guidelines). Also, the audit will include 609(g) Grant Agreement funding managed by MCA-Niger following the 609(g) Grant Agreement as amended on July 29, 2016.

The specific objectives of the audit of the MCC-provided funds are to:

- Express an opinion on whether the FAS (Fund Accountability Statement) for the MCC presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and assets and technical assistance directly procured by MCA-Niger for the period ended in accordance with the terms of the Compact and supplemental agreements and in conformity with the basis of accounting described in the notes to the financial statements.
- Evaluate and obtain a sufficient understanding of MCA-Niger’s internal controls related to the MCC funds, assess control risk, and identify reportable conditions, including significant deficiencies or material weaknesses in the design and effectiveness of internal controls. [This evaluation must include the internal controls related to required cost-sharing contributions, if applicable for this compact.]
- Perform tests to determine whether MCA-Niger complied, in all material respects, with the Compact, supplemental agreements, and applicable laws and regulations related to MCC-funded programs. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred must be identified. Such tests will include the compliance requirements related to required cost-sharing contributions, if applicable. Specifically, perform tests to determine whether MCA-Niger complied, in all material respects, with the MCC *Program Procurement Guidelines* and the MCA-Niger Fiscal Accountability Plan in effect during the audit period.

- Determine whether MCA-Niger has taken adequate corrective action on the prior audit report recommendations, if applicable.

We designed audit steps and procedures in accordance with U.S. Government Auditing Standards, Chapter 4 to provide reasonable assurance of detecting situations or transactions in which fraud or illegal acts have occurred or are likely to have occurred. If such evidence exists, the Auditor must immediately contact the USAID Inspector General and must exercise professional judgment in pursuing indications of possible fraud and illegal acts so as not to interfere with potential future investigations or legal proceedings.

#### **4.2 Audit period**

This audit of the MCC resources managed by the MCA-Niger is related to the optional period #3. Referring to the ToR, each period covers a period of six (6) months ending respectively March 31, 2019 and September 30, 2019.

#### **4.3 Audit Scope**

We have used the following steps as the basis for our audit programs and our review. These steps are not all-inclusive or intended to be restrictive in nature and do not constitute relief from exercising professional judgment and due professional care.

##### **4.3.1 Pre-Audit Steps**

We have reviewed the applicable documents considered necessary to perform the audit:

1. The Compact and/or any pre-Compact agreements between MCC and the Government of Niger.
2. Other documents including but not limited to, the: Program Implementation Agreement, Bank Agreement, Procurement Agent Agreement, Fiscal Agent Agreement, Fiscal Accountability Plan, Procurement Operations Manual, Procurement Plan, Program Procurement Guidelines, Implementing Entity Agreement(s), M&E Plan, Implementation Plan(s), and Work Plans for the relevant Project or Project Activity;
3. The agreements between MCA-Niger and contractors and grantees, and any other entities implementing Compact funded activities on MCA-Niger's behalf.
4. Implementation letters, and written procedures approved by MCC and/or MCA-Niger.
5. The sub agreements between MCA-Niger or its implementing entities and their sub-implementing entities, if applicable.
6. All program financial and progress reports; charts of accounts; organizational charts; accounting systems descriptions; procurement policies and procedures; and receipt, warehousing and distribution procedures for materials, as necessary, to successfully complete the required work.
7. MCC's Cost Principles for Accountable Entity Operations.

##### **4.3.2 Fund Accountability Statement**

As part of the audit, the fund accountability statement including the budgeted amounts by category and major items, we have performed the procedures below:

1. We reviewed costs billed to and reimbursed by MCC or the Government of Niger and costs incurred but pending reimbursement, identifying and quantifying any questioned costs. All costs that are not supported with adequate documentation or are not in

- accordance with the terms of the Compact and related/supplemental agreements must be reported as questioned costs. Questioned costs that are pending reimbursement must be identified in the notes to the fund accountability statement as not yet reimbursed.
2. We reviewed general and program ledgers to determine whether costs incurred were properly recorded. We reconcile direct costs billed to and reimbursed by MCC or the Government of Niger to the Program and general ledgers.
  3. We reviewed the procedures used to control the funds, including transfers to contracted financial institutions or other implementing entities. We reviewed the bank accounts and the controls on those bank accounts.
  4. We determined whether disbursement requests made to MCC and any MCA-Niger advances of funds to sub-implementing entities were supported with adequate documentation, including reconciliations of funds advanced, disbursed, and available. We ensured that all funding received by MCA-Niger from MCC was appropriately recorded in MCA-Niger accounting records and that those records were periodically reconciled with information provided by MCC (only for MCC funds).
  5. We determined whether program income was added to the funds used to further eligible program objectives, to finance the non-MCC share of the Program, or deducted from program costs, in accordance with the terms of the Compact and related agreements.
  6. We reviewed procurements to determine whether sound commercial practices including competition were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received. We assessed whether the procurements were in accordance with MCC's Program Procurement Guidelines, the approved Procurement Plan, and the Fiscal Accountability Plan.
  7. We reviewed direct salary payments to determine whether salary rates are reasonable for that position, in accordance with those approved by MCC, when such approval is required, and supported by appropriate payroll records including MCA-Niger staff employment agreements.
  8. We reviewed travel and transportation charges to determine whether they are adequately supported and approved. Travel charges that are not supported with adequate documentation or not in accordance with the Compact and related agreements and regulations must be questioned in the fund accountability statement.
  9. We reviewed assets (e.g., supplies, materials, vehicles, equipment, food products, tools, etc.) procured by MCA-Niger. We determined whether assets exist or were used for their intended purposes in accordance with the terms of the Compact and related agreements, and whether adequate control procedures are in place and are to safeguard the assets.
  10. We reviewed technical assistance and services. We determined whether technical assistance and services were used for their intended purposes in accordance with the terms of the Compact or any pre-Compact and/or related agreements. The cost of technical assistance and services not used in accordance with the agreements must be included as questioned costs in the fund accountability statement.
  11. We performed additional audit steps which are detailed in the approved Audit Planning Document deliverable and as requested by MCA-Niger, MCC.

12. We reviewed if MCA-Niger charges indirect costs to MCC using provisional rates. If MCA-Niger does not have an indirect cost rate authorized by MCC, this fact must be disclosed in the report.

#### 4.3.3 Internal Controls

We reviewed and evaluated MCA-Niger's internal controls related to MCC to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation. The U.S. Government Accountability Office's Standards for Internal Controls in the Federal Government (GAO-14-704G; 2014) have been used in assessing recipient internal controls. Our understanding of the internal controls has been documented in the audit documentation file.

The major internal control components to be studied and evaluated include, but are not limited to, the controls related to each revenue and expense account on the fund accountability statement. We have:

1. Obtained a sufficient understanding of the internal controls to plan the audit and to determine the nature, timing, and extent of tests to be performed.
2. Assessed inherent risk and control risk and determine the combined risk.
3. Summarized the risk assessments for each assertion in the audit documentation.
4. Evaluated the control environment, the adequacy of the accounting systems, and control procedures. Emphasis has been placed on the policies and procedures that pertain to MCA-Niger's ability to record, process, summarize, and report financial data consistent with the assertions embodied in each account of the fund accountability statement. This evaluation has included, but is not limited to, the control systems for:
  - i. Ensuring that charges to the program are proper and supported,
  - ii. Managing cash on hand and in bank accounts,
  - iii. Procuring goods and services,
  - iv. Managing inventory and receiving functions,
  - v. Managing personnel functions such as timekeeping, salaries, and benefits,
  - vi. Managing and disposing of assets (such as vehicles, equipment, and tools, as well as other assets) purchased either by the program or directly by the MCC, and
  - vii. Ensuring compliance with Compact and related agreement terms and applicable laws and regulations that collectively have a material impact on the fund accountability statement.
5. Evaluated internal controls established to ensure compliance with cost-sharing requirements, if applicable, including both provision and management of the contributions.
6. Included in the study and evaluation other policies and procedures that may be relevant if they pertain to data, we use in applying auditing procedures. This includes, for example, policies and procedures that pertain to non-financial data that we use in analytical procedures.

In fulfilling the audit requirement relating to an understanding of internal control and assessing the level of control risk, we have followed, at a minimum, the guidance contained in AICPA SAS Nos. 78 and 115 (AU110, AU319, AU324 and AU325), respectively entitled Consideration of Internal Control in a Financial Statement Audit, and Communicating Internal Control Related Matters Identified in an Audit as well as SAS No. 117 (AU801) entitled Compliance Audits and SAS No. 99 entitled Consideration of Fraud in a Financial Statement Audit.

#### **4.3.4 Compliance with Agreement Terms and Applicable Laws and Regulations**

In fulfilling the audit requirement to determine compliance with agreement terms and applicable laws and regulations related to MCC programs, we have, at a minimum, followed guidance contained in AICPA SAS No. 117 (AU801) entitled Compliance Audits.

Our report on compliance has not set forth material instance of noncompliance, defined as instance that could have a direct and material effect on the fund accountability statement. Nonmaterial instances of noncompliance are included in a separate management letter to the recipient and referred to in the report on compliance.

Our report must include all conclusions that a fraud or illegal act either has occurred or is likely to have occurred. In reporting material fraud, illegal acts, abuse, or other noncompliance we must place our findings in proper perspective. To give the reader a basis for judging the prevalence and consequences of these conditions, the instances identified should be related to the universe or the number of cases examined and is quantified in terms of U.S. Dollar value, if appropriate. In presenting material irregularities, illegal acts, or other noncompliance, we must follow the reporting standards contained in Chapter 5 of U.S. Government Auditing Standards. We may provide less extensive disclosure of irregularities and illegal acts that are not material in either a quantitative or qualitative sense. Chapter 4 of U.S. Government Auditing Standards provides guidance on factors that may influence our materiality judgments. If we conclude that sufficient evidence of irregularities or illegal acts exists, we must immediately contact the USAID Inspector General, and must exercise due professional care in pursuing indications of possible irregularities and illegal acts so as not to interfere with potential future investigations and/or legal proceedings.

In planning and conducting the tests of compliance, we have:

1. Identified the requirements of the Compact and related Compact documents 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.
2. Determined if payments have been made in accordance with the Compact, pre-Compact and/or related agreement terms, as well as contractual agreement terms, the Cost Principles, and applicable laws and regulations.
3. Determined whether funds have been expended for authorized purposes in accordance with applicable agreement terms. If not, we must identify these costs as questioned in the fund accountability statement.
4. Identified any costs not considered appropriate, classifying and explaining why these costs are questioned.
5. Determined whether assets, whether directly procured by MCA-Niger or directly procured by MCC for MCA-Niger's use, exist or were used for their intended purposes in accordance with the Compact, pre-Compact, and/or related agreements. Ensure that assets are marked in accordance with agreement requirements. If not, the cost of such assets is questioned.
6. Determined whether any technical assistance and services, whether procured by MCA-Niger or directly procured by MCC for MCA-Niger's use, were used for their intended purposes in accordance with the Compact, pre-Compact, and/or related agreements. If not, the cost of such technical assistance and services are questioned.
7. Determined if the amounts of cost-sharing funds were calculated and accounted for as required by the Compact, pre-compact, and/or related agreements or applicable cost principles.
8. Determined if the cost-sharing funds were provided according to the terms of the Compact, pre-Compact, and/or related agreements and quantify any shortfalls.
9. Determined whether those who received services and benefits were eligible to receive them.

10. Determined whether MCA-Niger's financial reports (including those on the status of cost-sharing contributions) and claims for advances and reimbursement contain information that is supported by the books and records.
11. Determined whether the recipient complied with MCC's Common Payment System Policy and Procedures. This includes a determination as to whether the recipient had adequate systems in place to monitor the amount of periodic spending authority authorized by MCC, if applicable.

#### **4.3.5 Follow-Up on Prior Audit Recommendations**

The recommendations made during the previous audit have for the most part been implemented except for those relating to the contracts selected for the present optional period # 3 that were reviewed and awarded prior to the mission of optional period # 2. The status of the prior period audit findings is detailed in the appendix 3 of this report. The implementation of the outstanding recommendations will be assessed during the audit of optional period # 4. The follow-up of the other internal deficiencies (considered as insignificant) is developed in the Management Letter.

#### **4.3.6 Other Audit Responsibilities**

We performed the following steps:

1. Hold entrance and exit conferences with MCA-Niger. The MCC country representative and the USAID Office of Inspector General must be notified of these conferences in order that their representatives and any other MCC representatives that have an interest may attend.
2. During the planning stage, communicate information to the MCA-Niger regarding the nature and extent of planned testing and reporting on compliance with laws and regulations and internal control over financial reporting. Such communication must state that we do not plan to provide opinions on compliance with laws and regulations and internal control over financial reporting.
3. Institute quality control procedures to ensure that sufficient competent evidence is obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit. While we may use our standard procedures for ensuring quality control, those procedures must, at a minimum, ensure that:
  - Audit reports and supporting audit documentation files are reviewed by an auditor, preferably at the partner level, who was not involved in the audit. This review must be documented in the audit documentation files.
  - All quantities and monetary amounts involving calculations are footed and cross-footed; and
  - All factual statements, numbers, conclusions, and monetary amounts are cross indexed to supporting audit documentation files.
4. Ascertain whether MCA-Niger ensured that audits of its Covered Providers were performed to ensure accountability for MCC funds passed through to the Covered Providers. If audit requirements for Covered Providers were not met, we must disclose this in the auditor's report on the fund accountability statement and consider qualifying our opinion.
5. Obtain a management representation letter in accordance with AICPA SAS No 85 (AU 333).
6. Evaluate the supplemental information prepared and provided to recognize accrual activity such as expenses incurred, but not yet paid, for and portion of the outstanding advances that are assets at the end of the period.

## **5 SUMMARY OF RESULTS**

### **5.1 Fund Accountability Statement**

We have identified neither ineligible costs nor unsupported costs for the period under review.

### **5.2 Internal Control Structure**

Our assessment has pointed out the review of the quality of the tender evaluation reports. Insignificant internal control deficiencies we have identified are developed in the Management Letter.

### **5.3 Compliance with Agreement Terms and Applicable Laws and Regulations**

The review of compliance with agreement terms and applicable laws and regulations has identified no material point of noncompliance with laws and regulations. Immaterial instances of noncompliance identified are discussed in the Management Letter dated December 30, 2020.

### **5.4 Recommendations for the Year**

Our recommendations are detailed in matters involving the internal control and its operation and immaterial instances of noncompliance that are reported to the management of MCA-Niger in a separate letter dated December 30, 2020.

### **5.5 Scope Limitations**

Scope limitations were not applicable to the current audit.

### **5.6 Cost-Sharing Contributions**

There is no sharing contribution for the period under review.

To

**Mr. OUHOUMODOU Mahamadou**  
**Chief of Staff of the Office of the Presidency of the Republic**  
**Chairman, MCA-Niger Board**

**6. INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FUND ACCOUNTABILITY STATEMENT FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020 – 609(g) and Compact**

Dear Sir:

We have audited the consolidated fund accountability statement of MCA-Niger for the optional period #3 ended March 31, 2020. The consolidated fund accountability statement is the responsibility of MCA-Niger's management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

Except as discussed in the following paragraphs, we conducted our audit of the fund accountability statement in accordance with *U.S. Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.76 of *U.S. Government Auditing Standards*. However, our current program provides for at least 48 hours of continuing education and training every year. We are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

We do not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraph 3.96 of *U.S. Government Auditing Standards* since the external quality control program of OECCA-Benin (the Institute of Chartered Accountants of Benin) is not operational. We believe that the effect of this departure from *U.S. Government Auditing Standards* is not material because the whole audit process and all audit and other reports are reviewed by a partner of the firm on a regular basis. Furthermore, we have agreement with some chartered accountants of OECCA-Benin for the external quality review.

In our opinion, the consolidated fund accountability statement referred to above presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and assets and technical assistance directly procured by MCC for the year then ended in accordance with the terms of the agreements and in conformity with the basis of accounting described in Notes 6.2.1 and 6.4.1.

In accordance with *U.S. Government Auditing Standards*, we have also issued our reports dated December 30, 2020, on our consideration of MCA-Niger's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *U.S. Government Auditing Standards* and should be read in conjunction with this Independent Auditor's Report in considering the results of our audit.

This report is intended for the information of MCA-Niger and the MCC. However, upon release by MCC, this report is a matter of public record and its distribution is not limited.

COFIMA Sarl,

A handwritten signature in blue ink that reads "Cofima Sarl". The signature is fluid and cursive, with the first letter 'C' being particularly large and stylized.

Cotonou, Benin  
December 30, 2020

**6.0 Consolidated Fund Accountability Statement for the Optional Period #3  
(From October 1, 2019 to March 31, 2020)**

**Millennium Challenge Account Niger  
Consolidated Fund Accountability Statement - 609(g) and Compact  
From October 1, 2019 to March 31, 2020  
Amount in USD**

	ACTUAL COST			QUESTIONED COSTS			
	Budget for the period	Prior Period	Current Period	Cumulative on 31.03.2020	INELIGIBLE	UNSUPPORTED	NOTES
<b>REVENUE</b>	-	<b>32,652,497.46</b>	<b>20,604,013.15</b>	<b>53,256,510.61</b>			
COMPACT - Funds from MCC	-	32,652,497.46	20,604,013.15	53,256,510.61			
<b>COSTS INCURRED</b>		<b>32,452,507.14</b>	<b>19,708,532.16</b>	<b>52,161,039.30</b>			
<b>Irrigation and Market Access</b>	<b>256,908,833.10</b>	<b>11,989,941.62</b>	<b>11,530,951.32</b>	<b>23,520,892.94</b>			
Irrigation Perimeter Dev.	86,715,206.09	2,831,672.86	6,494,147.31	9,325,820.17			
Management Service & Market Facilitation	14,142,000.00	1,818,856.50	611,320.84	2,430,177.34			
Roads for Market Access	135,893,527.00	3,868,197.85	2,186,666.39	6,054,864.24			
Policy Reform	16,853,100.00	2,473,816.91	1,981,629.94	4,455,446.85			
Water Management Activity (609g)	3,305,000.01	997,397.50	257,186.84	1,254,584.34			
<b>Climate-Resilient Communities</b>	<b>89,599,613.00</b>	<b>5,413,201.12</b>	<b>3,701,576.69</b>	<b>9,114,777.81</b>			
Regional Sahel Pastoralism Supt (PRAPS)	46,049,806.50	4,540,791.59	2,989,248.61	7,530,040.20			
Climate-Resilient Agriculture (CRA)	43,549,806.50	872,409.53	712,328.08	1,584,737.61			
<b>Monitoring and Evaluation</b>	<b>4,200,000.00</b>	<b>12,239.86</b>	<b>4,053.58</b>	<b>16,293.44</b>			
Monitoring & Evaluation	4,200,000.00	12,239.86	4,053.58	16,293.44			
<b>Program Administration (Administration, Audit and FA)</b>	<b>67,520,248.74</b>	<b>15,037,124.54</b>	<b>4,471,950.57</b>	<b>19,509,075.11</b>			
Program Administration	38,507,938.74	7,999,813.44	2,610,147.57	10,609,961.01			
Program Management Support	9,500,001.00	2,672,948.50	792,782.00	3,465,730.50			
Fiscal Management	8,324,867.50	1,918,750.00	387,500.00	2,306,250.00			
Procurement Management	8,520,441.50	2,377,204.60	633,153.00	3,010,357.60			
Audit	2,667,000.00	68,408.00	48,368.00	116,776.00			
<b>TOTAL COSTS INCURRED</b>	<b>418,228,694.84</b>	<b>32,452,507.14</b>	<b>19,708,532.16</b>	<b>52,161,039.30</b>			
<b>Excess Revenue over Costs Incurred</b>		<b>199,990.32</b>	<b>895,480.99</b>	<b>1,095,471.31</b>			
<b>Fund Balance at the Beginning of the Period</b>			<b>199,660.67</b>				
Interest received from Bank		5,595.28	13,949.56	19,544.84			
Interest transferred to treasury		(3,708.95)	(13,310.54)	(17,019.49)			
<b>Interest to transfer to the treasury</b>		<b>1,886.33</b>	<b>639.02</b>	<b>2,525.35</b>			
<b>CASH AND BANK BALANCE</b>		<b>199,989.27</b>		<b>199,989.27</b>			
Permitted and Special Accounts		199,660.67	892,800.71	1,092,461.38			
Interest Accounts		201,547.00	893,439.73	1,094,986.73			
		(1,886.33)	(639.02)	(2,525.35)			
<b>FUND BALANCE AT THE END OF THE PERIOD</b>		<b>199,660.67</b>	<b>892,800.71</b>	<b>1,092,461.38</b>	-	-	

**6.1 Fund Accountability Statement – 609(g) for the Optional Period #3  
(From October 1, 2019 to March 31, 2020)**

Millennium Challenge Account Niger  
609(g) Funding Statement  
October 1, 2019 to March 31, 2020  
Amount in USD

	ACTUAL COST			QUESTIONED COSTS		NOTES	
	Budget	Prior Period	Current Period	Cumulative on 31.03.2020	INELIGIBLE		UNSUPPORTED
<b>REVENUE</b>	-	<u>3,604,627.91</u>	<u>257,186.84</u>	<u>3,861,814.75</u>			
609(g) - Funds from MCC	-	3,604,627.91	257,186.84	3,861,814.75			6.2.3
<b>COST INCURRED</b>		<u>3,604,627.91</u>	<u>257,186.84</u>	<u>3,861,814.75</u>			6.2.4
<b>Access to and Control of Land</b>	<b>3,305,000.01</b>	<b>997,397.50</b>	<b>257,186.84</b>	<b>1,254,584.34</b>			
Water management Activity	3,305,000.01	997,397.50	257,186.84	1,254,584.34			
Securing Rights to Land Water							
<b>Access to Markets Projects</b>		-	-	-			
Agribusiness Developpement Servi		-	-	-			
Business Developpement Support A		-	-	-			
National Institutional & Regul		-	-	-			
<b>Safety and Security Assessment</b>		-	-	-			
Safety and Security Ass. Activ		-	-	-			
<b>Program Assessments</b>		-	-	-			
Monitoring and Evaluation		-	-	-			
Social and Gender Studies		-	-	-			
Environnemental/Social Oversight		-	-	-			
<b>Program Administration and Control</b>	<b>2,671,000.00</b>	<b>2,607,230.41</b>	<b>0.00</b>	<b>2,607,230.41</b>			
Program Administration	846,752.00	782,982.81	0.00	782,982.81			
Fiscal Agent	950,000.00	950,000.00	0.00	950,000.00			
Procurement Agent	874,248.00	874,247.60	0.00	874,247.60			
<b>TOTAL COST INCURRED</b>	<b>5,976,000.01</b>	<b>3,604,627.91</b>	<b>257,186.84</b>	<b>3,861,814.75</b>			
<b>Excess Revenue Over Costs Incurred</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			
<b>Fund Balance at the Beginning of the Period</b>		-	-	-			
+Receipts of the period		3,604,627.91	257,186.84	3,861,814.75			
-Disbursements of the period		(3,604,627.91)	(257,186.84)	(3,861,814.75)			
<b>Cash and Bank Balance</b>		-	-	-			
<b>Fund Balance March 31, 2020</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	-	-	

## 6.2 Notes to the Fund Accountability Statement – 609(g)

### 6.2.1 Basis of Accounting

The fund accountability statement has been prepared using the cash basis of accounting. Revenues include disbursement requests of funds to MCA-Niger local bank accounts and the expenses that MCC pays directly through the CPS system. Revenues are recorded when credited in the bank statement. Expenses are recorded when paid. MCA-Niger has used Sun Systems Accounting software and maintained its records in USD.

### 6.2.2 Selection Criteria

MCA-Niger is responsible for maintaining all the original vouchers for expenses. We have done a full control of receipts and at least 70% of expenditures vouchers for the audit.

### 6.2.3 Sources of Fund

Revenues correspond to the grants received by MCA-Niger from MCC on its bank accounts. The detail of the actual and the cumulative amounts for this optional period are presented as follows:

Resources	Cumulative amount	Actual for the period	Cumulative amount
	Amount in USD		
	Prior Period	Optional period #3	March 31, 2020
CPS Direct Payments	3,604,627.91	257,186.84	3,861,814.75
<b>Total</b>	<b>3,604,627.91</b>	<b>257,186.84</b>	<b>3,861,814.75</b>

The total receipts amount to **\$257,186.84** under the optional period #3. The cumulative amount as of March 31, 2020 is **\$3,861,814.75** as shown in the table above.

### 6.2.4 Costs Incurred

The costs incurred include the two mains items detailed as follows:

Costs incurred	Cumulative amount	Actual for the period	Cumulative amount
	Amount in USD		
	Prior Period	Optional period #3	March 31, 2020
Access to and Control of Land	997,397.50	257,186.84	1,254,584.34
Program Administration and Control	2,607,230.41	-	2,607,230.41
<b>Total</b>	<b>3,604,627.91</b>	<b>257,186.84</b>	<b>3,861,814.75</b>

The total costs incurred amount to 257,186.84 under the optional period #3. The cumulative amount as of March 31, 2020 is **\$3,861,814.75** as specified in the table above.

### 6.2.5 Questioned Costs

Our audit has not identified any questioned costs.

**6.3. Fund Accountability Statement – Compact for the Optional Period #3  
(From October 1, 2019 to March 31, 2020)**

Millennium Challenge Account Niger  
Compact Funding Accountability Statement  
October 1, 2019 to March 31, 2020  
Amount in USD

	ACTUAL COST			QUESTIONED COSTS			
	Budget for the period	Prior Period	Current Period	Cumulative on 31.03.2020	INELIGIBLE	UNSUPPORTED	NOTES
<b>REVENUE</b>	<b>0.00</b>	<b>29,047,869.55</b>	<b>20,346,826.31</b>	<b>49,394,695.86</b>			
COMPACT - Funds from MCC	0.00	29,047,869.55	20,346,826.31	49,394,695.86			6.4.3
<b>COSTS INCURRED</b>		<b>28,847,879.23</b>	<b>19,451,345.32</b>	<b>48,299,224.55</b>			6.4.4
<b>Irrigation and Market Access</b>	<b>253,603,833.09</b>	<b>10,992,544.12</b>	<b>11,273,764.48</b>	<b>22,266,308.60</b>			
Irrigation Perimeter Dev.	86,715,206.09	2,831,672.86	6,494,147.31	9,325,820.17			
Management Service & Market Facilitation	14,142,000.00	1,818,856.50	611,320.84	2,430,177.34			
Roads for Market Access	135,893,527.00	3,868,197.85	2,186,666.39	6,054,864.24			
Policy reform	16,853,100.00	2,473,816.91	1,981,629.94	4,455,446.85			
<b>Climate-Resilient Communities</b>	<b>89,599,613.00</b>	<b>5,413,201.12</b>	<b>3,701,576.69</b>	<b>9,114,777.81</b>			
Regional Sahel Pastoralism Supt (PRAPS)	46,049,806.50	4,540,791.59	2,989,248.61	7,530,040.20			
Climate-Resilient Agriculture (CRA)	43,549,806.50	872,409.53	712,328.08	1,584,737.61			
<b>Monitoring and Evaluation</b>	<b>4,200,000.00</b>	<b>12,239.86</b>	<b>4,053.58</b>	<b>16,293.44</b>			
Monitoring & Evaluation	4,200,000.00	12,239.86	4,053.58	16,293.44			
<b>Program Administration (Administration, Audit and FA)</b>	<b>64,849,248.74</b>	<b>12,429,894.13</b>	<b>4,471,950.57</b>	<b>16,901,844.70</b>			
Program Administration	37,661,186.74	7,216,830.63	2,610,147.57	9,826,978.20			
Program Management Support	9,500,001.00	2,672,948.50	792,782.00	3,465,730.50			
Fiscal Management	7,374,867.50	968,750.00	387,500.00	1,356,250.00			
Procurement Management	7,646,193.50	1,502,957.00	633,153.00	2,136,110.00			
Audit	2,667,000.00	68,408.00	48,368.00	116,776.00			
<b>TOTAL COSTS INCURRED</b>	<b>412,252,694.83</b>	<b>28,847,879.23</b>	<b>19,451,345.32</b>	<b>48,299,224.55</b>			
<b>Excess Revenue over Costs Incurred</b>		<b>199,990.32</b>	<b>895,480.99</b>	<b>1,095,471.31</b>			
<b>Fund Balance at the Beginning of the Period</b>			<b>199,660.67</b>				
Interest received from Bank		5,595.28	13,949.56	19,544.84			
Interest transferred to treasury		(3,708.95)	(13,310.54)	(17,019.49)			
<b>Interest to transfer to the treasury</b>		<b>1,886.33</b>	<b>639.02</b>	<b>2,525.35</b>			
<b>CASH AND BANK BALANCE</b>		<b>199,990.32</b>		<b>199,990.32</b>			
Permitted and Special Accounts		201,547.00	893,439.73	1,094,986.73			
Interest Accounts		(1,886.33)	(639.02)	(2,525.35)			
<b>FUND BALANCE MARCH 31, 2020</b>		<b>199,660.67</b>	<b>892,800.71</b>	<b>1,092,461.38</b>	-	-	

## 6.4 Notes to the Fund Accountability Statement – Compact

### 6.4.1 Basis of Accounting

The fund accountability statement has been prepared using the cash basis of accounting. Revenues are recorded when credited in the bank statement. Expenses are recorded when paid. MCA-Niger uses SAP software and maintains its records in USD.

### 6.4.2 Selection Criteria

MCA-Niger is responsible for maintaining all the original vouchers for expenses. We have done a full control of receipts and at least 70% of expenditures vouchers for the audit.

### 6.4.3 Sources of Funds

Revenues correspond to the grants received by MCA-Niger from the Compact funding on its bank accounts. The detail of the actual and cumulative amounts for the optional period #3 are presented as follows:

Resources	Cumulative amount		Actual for the period	Cumulative amount
	Amount in USD			
	Prior Period	Optional period #3	March 31, 2020	
IBC Banks Inside US-USD	11,419,861.88	3,862,524.00	15,282,385.88	
IBC Banks outside US Non-USD	8,538,998.18	9,513,660.66	18,052,658.84	
IBC Banks outside US-USD	9,089,009.49	6,970,641.65	16,059,651.14	
<b>Total</b>	<b>29,047,869.55</b>	<b>20,346,826.31</b>	<b>49,394,695.86</b>	

The total receipts amount to **\$20,346,826.31** under the optional period #3. The cumulative amount as of March 31, 2020 is **\$49,394,695.86** as shown in the table above.

### 6.4.4 Costs Incurred

The costs incurred include the four items detailed as follows:

Costs incurred	Amount in USD		
	Cumulative amount	Actual for the period	Cumulative amount
	Amount in USD		
	Prior Period	Optional period #3	March 31, 2020
Irrigation and Market Access	10,992,544.12	11,273,764.48	22,266,308.60
Climate-Resilient Communities	5,413,201.12	3,701,576.69	9,114,777.81
Monitoring and Evaluation	12,239.86	4,053.58	16,293.44
Program Administration (Administration, Audit and FA)	12,429,894.13	4,471,950.57	16,901,844.70
<b>Total</b>	<b>28,847,879.23</b>	<b>19,451,345.32</b>	<b>48,299,224.55</b>

The total costs incurred amount to **\$19,451,345.32** under the optional period #3. The cumulative amount as of March 31, 2020 is **\$48,299,224.55** as indicated in the table above.

### 6.4.5 Questioned Costs

Our audit has not identified any questioned costs:

To

**Mr. OUHOUMODOU Mahamadou**  
**Chief of Staff of the Office of the Presidency of the Republic**  
**Chairman, MCA-Niger Board**

**7. INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020**

Dear Sir:

We have audited the consolidated fund accountability statement of MCA-Niger as of and for the optional period #3 ended March 31, 2020 and have issued our report thereon dated December 30, 2020.

Except as discussed in the following paragraphs, we conducted our audit of the fund accountability statement in accordance with *U.S. Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.76 of *U.S. Government Auditing Standards*. However, our current program provides for at least 48 hours of continuing education and training every year. We are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

We do not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraph 3.96 of *U.S. Government Auditing Standards* since the external quality control program of OECCA-Benin (the Institute of Chartered Accountants of Benin) is not operational. We believe that the effect of this departure from *U.S. Government Auditing Standards* is not material because the whole audit process and all audit and other reports are reviewed by a partner of the firm on a regular basis. Furthermore, we have agreement with some chartered accountants of OECCA-Benin for the external quality review.

The management of MCA-Niger is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the fund accountability statement in conformity with the basis of accounting described in Notes 6.2.1 and 6.4.1 to the fund accountability statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the fund accountability statement of MCA-Niger for the optional period #3 ended March 31, 2020, in accordance with *U.S. Government Auditing Standards*, we considered MCA-Niger internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the fund accountability statement, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Fund Accountability Statement will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses, as defined above.

However, we noted certain matters involving internal control and its operation that we have reported to the management of MCA-Niger in a separate letter dated December 30, 2020.

This report is intended for the information of MCA-Niger and the Millennium Challenge Corporation (MCC). However, upon release by MCC, this report is a matter of public record and its distribution is not limited.

C|OFIMA Sarl



Cotonou, Benin  
December 30, 2020

To

**Mr. OUHOUMODOU Mahamadou**  
**Chief of Staff of the Office of the Presidency of the Republic**  
**Chairman, MCA-Niger Board**

**8. INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020**

Dear Sir:

We have audited the consolidated fund accountability statement of MCA-Niger as of and for the optional period #3 ended March 31, 2020 and have issued our report thereon dated December 30, 2020.

Except as discussed in the following paragraphs, we conducted our audit of the fund accountability statement in accordance with *U.S. Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the determination of the fund accountability statement amounts.

We do not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.76 of *U.S. Government Auditing Standards*. However, our current program provides for at least 48 hours of continuing education and training every year. We are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

We do not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraph 3.96 of *U.S. Government Auditing Standards* since the external quality control program of OECCA-Benin (the Institute of Chartered Accountants of Benin) is not operational. We believe that the effect of this departure from *U.S. Government Auditing Standards* is not material because the whole audit process and all audit and other reports are reviewed by a partner of the firm on a regular basis. Furthermore, we have agreement with some chartered accountants of OECCA-Benin for the external quality review.

Compliance with the terms and conditions of the Compact and related Agreements and laws and regulations applicable to MCA-Niger is the responsibility of MCA-Niger's management. As part of obtaining reasonable assurance about whether the Fund Accountability Statement is free of material misstatement, we performed tests of MCA-Niger's compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported here under *U.S. Government Auditing Standards*.

Immaterial instances of noncompliance are reported to the management of MCA-Niger in a separate letter dated December 30, 2020.

This report is intended for the information of MCA-Niger and the Millennium Challenge Corporation (MCC). However, upon release by MCC, this report is a matter of public record and its distribution is not limited.

COFIMA Sarl

A handwritten signature in blue ink that reads "Cofima Sarl". The signature is fluid and cursive, with the letters "Cofima" being larger and more prominent than "Sarl".

Cotonou, Benin  
December 30, 2020

To

**Mr. OUHOUMODOU Mahamadou**  
**Chief of Staff of the Office of the Presidency of the Republic**  
**Chairman, MCA-Niger Board**

## **9. SCHEDULE OF AUDIT FINDINGS**

**To attention of:** Chief of Staff of the Office of the Presidency of the Republic, Chairman of MCA-Niger Board

**RE:** Financial Audit of MCC Resources Managed by the MCA-Niger Under the Compact Agreement Between MCC and the Government of Niger

**Period of the audit: October 1, 2019 to March 31, 2020**

### **9.1 Internal Control**

Matters involving internal control and its operation are reported to the management of MCA-Niger in a separate letter dated December 30, 2020.

### **9.2 Compliance**

Our audit has not identified any finding as non-compliance.

## **APPENDICES**

### **APPENDIX 1: FUND ACCOUNTABILITY STATEMENTS AND NOTES PREPARED AND ISSUED BY MCA-NIGER FOR THE OPTIONAL PERIOD #3 ENDED MARCH 31, 2020**

MCA - Niger		<b>Fund Accountability Statement for the funds : Compact, and 609g</b>			
		Period 01-Oct-19 To 31-March-20			
WBS Element		Budget	Cum. Inception to Sep' 19	Oct 19-Sep 20	Total
	<b>Revenue</b>				
	<b>Funds From MCC</b>	<b>0.00</b>	<b>-32 652 497.46</b>	<b>-20 604 013.15</b>	<b>-53 256 510.61</b>
	<b>Costs</b>				
<b>5100000</b>	<b>Irrigation and Mrkt Access Project</b>	<b>256 908 833.10</b>	<b>11 989 941.62</b>	<b>11 530 951.32</b>	<b>23 520 892.94</b>
5110000	1.1 Irrigation Perimeter Dev	86 715 206.09	2 831 672.86	6 494 147.31	9 325 820.17
5120000	1.2. Mgmt Servcs and Mrkt Facilitation	14 142 000.00	1 818 856.50	611 320.84	2 430 177.34
5130000	1.3 Roads for Market Access	135 893 527.00	3 868 197.85	2 186 666.39	6 054 864.24
5140000	1.4 Policy Reform	16 853 100.00	2 473 816.91	1 981 629.94	4 455 446.85
	1.5 Water Management Activity (609g)				
		3 305 000.01	997 397.50	257 186.84	1 254 584.34
<b>5200000</b>	<b>Climate-Resilient Communities Project</b>	<b>89 599 613.00</b>	<b>5 413 201.12</b>	<b>3 701 576.69</b>	<b>9 114 777.81</b>
5210000	2.1 Reg Sahel Pastoralism Supt (PRAPS)	46 049 806.50	4 540 791.59	2 989 248.61	7 530 040.20
5220000	2.2 Climate-Resilient Agriculture(CRA)	43 549 806.50	872 409.53	712 328.08	1 584 737.61
<b>5300000</b>	<b>Monitoring &amp; Evaluation</b>	<b>4 200 000.00</b>	<b>12 239.86</b>	<b>4 053.58</b>	<b>16 293.44</b>
5310000	3.1 Monitoring & Evaluation	4 200 000.00	12 239.86	4 053.58	16 293.44
<b>5400000</b>	<b>Program Admin (Admin, Audit, and</b>	<b>67 520 248.74</b>	<b>15 037 124.54</b>	<b>4 471 950.57</b>	<b>19 509 075.11</b>
5410000	4.1 Program Administration	38 507 938.74	7 999 813.44	2 610 147.57	10 609 961.01
5420000	4.2 Program Management & Support	9 500 001.00	2 672 948.50	792 782.00	3 465 730.50
5430000	4.3 Fiscal Management	8 324 867.50	1 918 750.00	387 500.00	2 306 250.00
5440000	4.4 Procurement Management	8 520 441.50	2 377 204.60	633 153.00	3 010 357.60
5450000	4.5 Audit	2 667 000.00	68 408.00	48 368.00	116 776.00
	<b>Total Costs Incurred</b>	<b>418 228 694.84</b>	<b>32 452 507.14</b>	<b>19 708 532.16</b>	<b>52 161 039.30</b>
	<b>Bank, Cash &amp; Tax Recoverable</b>	<b>0.00</b>	<b>201 844.67</b>	<b>893 626.64</b>	<b>1 095 471.31</b>
	<b>Interest to transfer to the treasury</b>	<b>0.00</b>	<b>1 886.33</b>	<b>639.02</b>	<b>2 525.35</b>
	Interest received from Bank	0.00	5 595.28	13 949.56	19 544.84
	Interest transferred to treasury	0.00	-3 708.95	-13 310.54	-17 019.49
	<b>Fund Balance</b>	<b>0.00</b>	<b>199 660.67</b>	<b>892 800.71</b>	<b>1 092 461.38</b>
	Permitted and Special Accounts	0.00	201 547.00	893 439.73	1 094 986.73
	Interest Accounts	0.00	-1 886.33	-639.02	-2 525.35
	<b>Net Tax Recoverable</b>	<b>0.00</b>	<b>297.67</b>	<b>186.91</b>	<b>484.58</b>
	Tax Paid	0.00	10 186.71	7 298.53	17 485.24
	Tax Refund	0.00	-9 889.04	-7 111.62	-17 000.66

Prepared By: M.Akrachli  
 Name: \_\_\_\_\_  
 Date: 09-10-2020

Approved By: FAM -M.Akrachli  
 \_\_\_\_\_  
 09/10/2020

Submitted To: MCA DAF- Mme H  
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 09/10/2020

## **MCA-NIGER**

### **FAS NOTES**

#### **Consolidated FAS for 609g & COMPACT, Period October - 2019 to March 2020**

### **Disbursement process**

#### a) Disbursement requests

MCA-Niger requests that disbursements be made under the Compact by submitting a request in accordance with the Reporting Guides, (each "disbursement request", duly completed), to MCC at least twenty (20) days before the start of each disbursement period. Disbursement requests, program funding and compact development for any disbursement period will be made through separate disbursement requests, using specific forms. MCA-Niger may, unless MCC decides otherwise in writing, submit only one disbursement request for program funding and one disbursement request for Compact development funding, per quarter (this quarter or any other period agreed by the MCC, the "Disbursement Period" ). Each disbursement request submitted must be accompanied by periodic reports covering the corresponding disbursement period.

#### b) Approval of disbursement requests; Disbursement authorization.

- i. Upon receipt of a disbursement request, the MCC determines the appropriate disbursement amount to be made (if any) based, among other things:
  1. the progress made under the implementation plan,
  2. the amount of funds required to carry out the activities described in the periodic reports during the corresponding disbursement period, and
  3. compliance, waiver or postponement of the previous conditions applicable to this disbursement. MCC may, in its sole discretion, completely disapprove a disbursement or reduce the amount of any disbursement below that proposed in a disbursement request.

- ii. Upon approval of a disbursement request by MCC, funds may be transferred, at the sole discretion of MCC:
1. on an authorized bank account (Permitted Account), or
  2. directly to a supplier, as payment for goods, works or services received by MCA-Niger in accordance with the common payment system or any other payment system approved by the MCC; in condition however that the expenses of this product (including the amounts transferred directly to a supplier) are authorized by MCA-Niger and that the corresponding payment complies, as certified by Fiscal Agent, with the last detailed approved financial plan, as well as the standards and procedures set out in the Fiscal Agent agreement and in the Fiscal Accountability Plan (FAP).

**Notes to the consolidated FAS for the sources of Funds COMPACT**

**Project 1 : IRRIGATION & Market Access**

Note n°	Activity	Amount for the period (USD)	Cumulative amount (USD) as of Mar 31 <sup>st</sup> , 2020	MYFP (USD)	%	Comment
1.1	Irrigation Perimeter Developement	6 494 147	9 325 820	86 715 206	11%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 11% compared to the multiannual budget.
1.2	Management Service&Market	611 321	2 430 177	14 142 000	17%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 17% compared to the multiannual budget.
1.3	Roads for Market Access	2 186 666	6 054 864	135 893 527	4%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 4% compared to the multiannual budget.
1.4	Policy Reform	1 981 630	4 455 447	16 853 100	26%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 26% compared to the multi-year budget.
1.5	Water Management Activity (609g)	257 186.84	1 254 584.34	3 305 000.01	38%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 38% compared to the multi-year budget.
	<b>Total</b>	<b>11 533 951</b>	<b>23 520 893</b>	<b>256 908 833</b>	<b>9%</b>	

**Project 2 : Climate-Resilient Communities (CRC)**

Note n°	Activity	Amount for the period (USD)	Cumulative amount (USD) as of Mar 31 <sup>st</sup> , 2020	MYFP (USD)	%	Comment
2.1	Regional Sahel Pastoralism	2 989 249	7 530 040	46 049 807	16%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 16% compared to the multiannual budget.
2.2	Climate-Resilient Agricult.	712 328	1 584 738	43 549 806	4%	The activity recorded cumulative payments 03/31/2020 representing an execution rate of around 4% compared to the multiannual budget
	<b>Total</b>	<b>3 701 577</b>	<b>9 114 778</b>	<b>89 599 613</b>	<b>10%</b>	

**Project 3 : Monitoring and Evaluation (M&E)**

Note n°	Activity	Amount for the period (USD)	Cumulative amount (USD) as of Mar 31 <sup>st</sup> , 2020	MYFP (USD)	%	Comment
3.1	Monitoring Activities	2 647	14 887	1 760 000	1%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 1% compared to the multiannual budget.
3.2	MCA Process Evaluation			1 600 000		At this stage no payment is made on this activity.
3.3	M&E Technical Assistance	1 406	1 406	840 000	0.17%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 0.17% compared to the multiannual budget.
	<b>Total</b>	<b>4 053</b>	<b>16 293</b>	<b>4 200 000</b>	<b>0.4%</b>	

**Project 4 : Programm Administration**

Note n°	Activity	Amount for the period (USD)	Cumulative amount (USD) as of Mar 31 <sup>st</sup> , 2020	MYFP (USD)	%	Comment
4.1	Program Administration	2 610 148	10 609 961	38 507 939	28%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 28% compared to the multiannual budget.
4.2	Program Management Support	792 782	3 465 731	9 500 001	36%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 36% compared to the multiannual budget.
4.3	Fiscal Agent	387 500	2 306 250.00	8 324 868	28%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 28% compared to the multiannual budget.
4.4	Procurement Agent	633 153	3 010 358	8 520 442	35%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 35% compared to the multiannual budget.
4.5	Financial Audits	48 368	116 776	2 667 000	4%	The activity recorded cumulative payments at 03/31/2020 representing an execution rate of around 4% compared to the multiannual budget.
	<b>Total</b>	<b>4 471 951</b>	<b>19 509 075</b>	<b>67 520 249</b>	<b>29%</b>	

**Total Costs Incurred for the Funds Compact**

Amount for the period (USD)	Cumulative amount (USD) as of Sept 30 <sup>th</sup> , 2019	MYFP (USD)	%	Comment
19 708 532	52 161 039	418 228 695	12%	The cumulative execution rate at 3/31/2020 for the Compact source of funds represents 12% of the multi-year budget

**Bank, Cash and Tax Recoverable:**

Cumulative amount as of 30 Sept'19 (USD)	Amount for the period Oct'19-Mar'20 (USD)	Cumulative amount as of March 31 <sup>st</sup> , 2020 (USD)	Comment
201 844.67	893 626.64	1 095 471 .31	This item represents the sum of the items " <i>Interest to Transfer to the Treasury</i> ", " <i>Fund Balance</i> " and " <i>Net Tax Recoverable</i> " detailed below.

**Interest to Transfer to the Treasury:**

Cumulative amount as of 30 Sept'19 (USD)	Amount for the period Oct'19-Mar'20 (USD)	Cumulative amount as of March 31 <sup>st</sup> , 2020 (USD)	Comment
1 886 .33	639.02	2 525.35	This item represents the balance between the total interest received on the permitted bank accounts of Compact Funds at 3/31/2020 (19 544.84 USD) and the total interest transferred to MCC at 3/31/2020 (17 019.49 USD)

**Fund Balance :**

Cumulative amount as of 30 Sept'19	Amount for the period Oct'19-Mar'20 (USD)	Cumulative amount as of March 31 <sup>st</sup> , 2020 (USD)	Comment
199 660.67	892 800.71	1 092 461.38	This item represents the balance between the total of the sums available on the authorized bank accounts (excluding interest bank accounts) and the cash at 3/31/2020 (1 094 986.73 USD) and the total of the Interest to Transfer to the Treasury at 3/31/2020 (2 525.35 USD).

**Net Tax Recoverable :**

Cumulative amount as of 30 Sept'19	Amount for the period Oct'19-Mar'20 (USD)	Cumulative amount as of March 31 <sup>st</sup> , 2020 (USD)	Comment

<b>297.67</b>	<b>186.91</b>	<b>484.58</b>	This item represents the balance between the total amount of taxes paid at 03/31/2020 (17 485.24 <b>USD</b> ) and the total amount of taxes refunded to MCA-Niger at 03/31/2020 (17 00.66 <b>USD</b> ).
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**APPENDIX 2: MANAGEMENT REPRESENTATION LETTER**



REPUBLIQUE DU NIGER  
PRESIDENCE DE LA REPUBLIQUE  
Millennium Challenge Account - Niger  
(MCA-NIGER)  
Direction Générale

**MCA-Niger Management Representation Letter  
as of March 31, 2020**

December 30, 2020

**Compagnie Fiduciaire de Management et d'Audit (COFIMA - BENIN)**  
C/2313 Immeuble Ahouansou Sossou – Quartier Kouhounou  
Route du Stade de l'Amitié  
03 BP 4001 Cotonou - Bénin

REF: RFP # ADM/QBS/2018/10 - AUDIT OF MCC AND GOVERNMENT RESOURCES MANAGED BY MCA-NIGER

Dear Mr. Avande,

We are providing this letter in connection with your audit of the financial statements of MCA-Niger for the optional period # from October 1, 2019 to March 31, 2020, and for the purpose of expressing an opinion as to whether the FAS (Fund Accountability Statement) for the MCC funded program(s) presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and assets and technical assistance directly procured by MCA-Niger for the period ended in accordance with the terms of the Compact and supplemental agreements and in conformity with the basis of accounting described in the notes to the financial statements. We confirm that we are responsible for the fair presentation of the Fund Accountability Statement in conformity with generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve MCA-Niger or misstatement of accounting information that, in the light of surrounding circumstances, makes it possible that the judgment of a reasonable person relying on the information would be changed or influenced by the MCA-Niger or misstatement.

We confirm, to the best of our knowledge and belief, as of December 30, 2020, the following representations made to you during your audit(s).

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you all:
  - a. Financial records and related data.
  - b. Minutes of the meetings of stockholders, directors, and summaries of actions of recent meetings for which minutes have not yet been prepared.

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3. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We believe that the effects of any uncorrected financial statement misstatements are immaterial both individually and, in the aggregate, to the financial statements taken as a whole.
6. There are no related relationships and transactions involving MCA-Niger and any other person or entity required to be described as disclosures.
7. No matters or occurrences have come to our attention up to the present time which would materially affect the financial statements or disclosures therein, your opinion on controls, or which are likely to materially affect the future results or operations of the Program.
8. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
9. We have no knowledge of any fraud or suspected fraud affecting the entity involving (a) management, (b) employees who have significant roles in internal controls, or (c) others, where the fraud could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
11. We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

Sincerely,

Signature & stamp

Audola-Hélène Ossé Fakoredé

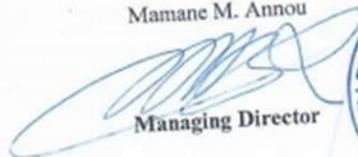


Administration and Finance Director



Signature & stamp

Mamane M. Annou



Managing Director



### APPENDIX 3: STATUS OF PRIOR PERIOD AUDIT FINDINGS

Condition of the prior finding	Recommendation made for corrective action	Status of the finding as of the current audit period
<p>The performance guarantee submitted by some contractors is not provided within the required timeframe. We noted a case including a performance guarantee that was provided after the signature of the contract, contrary to the provisions of clause 43.1 of the IAS and clause 15.1 of the CCAG. This deficiency is related to the contract #CR/PRAPS/1/G.0002/19 relating to the supply of laboratory equipment (Lot 2).</p>	<p>Ensuring the compliance with the deadlines for the submission of performance guarantees mentioned in the tender documents.</p>	<p>The recommendation has been implemented.</p>
<p>The non-compliance with the post-qualification criterion namely the proof of performance of two contracts in the last two years: the service certificates issued by the contractor are not within the scope of the last two years. This deficiency is associated with the purchase order #ADM/Shop/2018/02 for purchase of printers and photocopiers for MCA-NIGER (Lot 2) signed with ESPACE COPIEURS</p>	<p>Making arrangement to recruit panelists who are suitably familiar with the procurement procedures, including the evaluation of bids; requiring the evaluation committee, the strict application of the criteria contained in the tender documents both for the preliminary examination of bids and for the post-qualification.</p>	<p>The recommendation has been implemented.</p>
<p>The procedure used for purchase order #ADM/41/G0072/19 of 20/09/2019 and purchase order #ADM/41/G0074/19 is contrary to that contained in the MPP. In fact, in the PPM that received the Donor's no-objection, the procedure is the invitation to tender; nevertheless, the non-competitive method of consulting suppliers was used.</p>	<p>Use the methods used in the PPM that received the Donor's no-objection to award the contract and if not, get the Donor's no-objection on the revised PPM before awarding the contract.</p>	<p>The recommendation has been implemented.</p>
<p>The Request for Quotation relating to Purchase Order #CR/CRA/4/W.0064/19 of 12/07/2019 gives rise to the following comments:</p> <ul style="list-style-type: none"> <li>○ On page 4, it states in point (c): "the bidder shall provide a list of his present and past clients to whom he has already supplied equipment similar to those required in this request for quotation...", whereas in this case it is a contract for rehabilitation works, i.e. construction works with no relation to equipment. The same applies to the information mentioned in point (d), which stipulates: "adequate technical documentation or</li> </ul>	<p>Properly prepare files for the quotation of works by ensuring that information related to works contract is inserted in the file instead of the information related to supply contract.</p>	<p>The recommendation has been implemented.</p>

<p>any relevant information relating to the proposed supplies".</p> <ul style="list-style-type: none"> <li>○ On page 5, it is mentioned in point 12 that the bidders must clearly indicate the conditions for replacing defective equipment (time and procedure for replacement) while we are in a works procedure and not a supply procedure. Also, on page 5, it is stated in point 14 in the last line: "Any proposal with a lead time of more than 30 days will be rejected" whereas referring to points 1 and 10 on pages 3 and 4, it is mentioned as the lead time 45 days from the signature of the purchase order.</li> </ul>		
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Moreover, the prior audit revealed some questioned costs about the following budget lines:

Budget Line	Item	Questioned costs (Amount in USD)
<p><b>Climate-Resilient Communities:</b></p> <p>Regional Sahel Pastoralism</p> <p>Climate Resilient Agriculture</p> <p>Climate Resilient Agriculture &amp; Regional Sahel Pastoralism</p>	<p>Contract #CR/PRAPS/1/G.0002/19 relating to the supply of laboratory equipment (Lot 2)</p> <p>Purchase order #CR/CRA/4/W.0064/19 of July 12, 2019</p> <p>Purchase order #ADM/41/G0074/19 of September 20, 2019</p>	<p><b>669,792.10:</b> costs that are not supported with adequate documentation or did not have required prior approvals or authorizations.</p> <p><b>10,936.32:</b> costs that are not supported with adequate documentation or did not have required prior approvals or authorizations.</p> <p><b>20,645.37:</b> costs that are not supported with adequate documentation or did not have required prior approvals or authorizations.</p>
<p><b>Program Management and Administration:</b> Program Administration</p>	<p>Purchase order #ADM/Shop/2018/02 for purchase of printers and photocopiers for MCA-NIGER (Lot 2)</p>	<p><b>64,058:</b> costs that are not supported with adequate documentation or did not have required prior approvals or authorizations.</p>

For this optional period #3 from October 1, 2019 to March 31, 2020, we have not identified any questioned costs.