

PRIVATE & CONFIDENTIAL

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Adventis Development and Relief Agency (ADRA)

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Factual findings report: Forensic investigation into alleged irregularities at ADRA Nigeria

Dear Sir,

We are pleased to present you with a report of factual findings following our Forensic Investigation into alleged irregularities at ADRA Nigeria.

The overall objective of the forensic investigation was to review allegations related to (1) procurement fraud, (2) advances payments schemes (3) manipulation of exchange rates, (4) forged and fake invoices, (5) fictitious accounting entries, (6) doctored contracts and (7) fraud around payroll.

In this forensic investigation report, we have detailed the extent of our procedures and the methodologies applied. We have presented our findings in detail and provided a conclusion on each of the exceptions noted.

We trust that this report adequately satisfies your requirements for the assignment. However, should you require additional information or clarification, please do not hesitate to contact Peworsangui Yeo (Tel: +228 22 23 21 00/21 or e-mail pyeo@deloitte.fr) who will be happy to provide further assistance.

We take this opportunity to express our appreciation once again for your support in the performance of this forensic investigation and assure you of our best professional support at all times.

Yours Sincerely,

Deloitte Togo

Maryse ADOTEVI
Managing Partner

Executive Summary

Background to the Forensic Investigation

ADRA West & Central Africa Regional Liaison Office (ADRA WAD) has been made aware of several allegations of misconduct and fraud in its Nigeria office. The allegations are related to:

1. Manipulation of exchange rates;
2. Forged invoices;
3. Fake invoices;
4. Fictitious transactions accounting;
5. Doctored contracts; and
6. Fraud around payroll;

Consequently, ADRA WAD requires a fraud investigation to establish whether any fraudulent transactions have occurred, whether ADRA Nigeria has used all the funds received for the Administration and the implementation of projects according to the purpose stated in the funding agreements and applicable policies.

Investigation Procedures

In order to achieve the investigation objectives, we performed the following procedures:

1. **Documentary review:** We collected and reviewed available supporting documents related to the allegations and the rationale supporting all major decisions taken by Nigeria office;
2. **Interviews:** Based on our initial findings, we held interviews with relevant staffs and other parties involved to collect evidences, corroborate facts and obtain explanations, clarifications and to corroborate our findings. Due to our inability to travel to Maiduguri (project implementation area in Northern Nigeria), we mainly performed phone interviews with the beneficiaries.
3. **Business Intelligence checks:** We conducted Business Intelligence checks for specific vendor that were directly or indirectly relevant the engagement.

Scope limitations

1. **Access to accounting records:** As discussed in the Terms of Reference and our Engagement Letter, we were supposed to have access to all data and personnel relevant to our engagement. However, during the forensic audit, we did not had access to SunPlus and QuickBooks accounting database, the accounting systems used for project. We were therefore unable to identify all the transaction incurred by ADRA for the period from 2013 to 2019.
2. **Availability of supporting document on the period covered by the investigation:** As we were unable to draw a proper sample due to unavailability of accounting records and accounting system (SUNPLUS), we selected some transactions based on the interviews performed and our review of bank statements.
3. **Access to project Staff:** At the time of our procedures, some of the projects such as GFO project were ended and most of the staffs were demobilized. Therefore, we were unable to interview some staffs relevant for the understanding of the allegations. For some of them, we held a phone interview but the others were unavailable.

4. **Site visit and access to on-site beneficiaries:** Due to security reasons and following our discussion subsequent to the terms of reference, we agreed and we did not perform any forensic audit activity on Project site (Maiduguri, Yola, etc. in extreme North of Nigeria). Therefore, we did not performed any on-site physical verification of assets including construction nor services rendered, no face to face interview with the stakeholders.
5. **Terms of references activities not performed:** Due to the status of the project, the unavailability of the staffs and accounting system, we were not able to perform numerous activities of the Terms of references. The main requirements of the ToR and our limitations are detailed in **Annexure 1**.

Findings from the Investigative Audit

Following the performance of the forensic audit procedures we obtained the following findings:

1. Review of suspicious transactions

The transactions below were identified either through the ToR or by discussion with staff.

Transactions	Amount in NGN	Ref#
Amount withdrawn from ADRA Bank account and sent to the Country Director Total amount of NGN 2 774 000 has been withdrawn from ADRA Bank account, transferred to an employee bank account and paid to the Country Director (CD). The Country Director as then signed an acknowledgement receipt of the funds. Per discussion with the CD, we understood that these amount were related to some project activities. However, no supporting documents have been provided to the accounting team after the activity. In addition, the Country Director was unable to explain why the transfer were not directly made to his own bank account nor why payment have not been sent to suppliers / beneficiaries.	2 774 000	Appendix 1
Suspicious car rental expenses (1 2) A contract of NGN 2 328 000 have been signed with the vendor Sharuten Investment. The payment cheque of the same amount have been withdrawn by Northern Union (Member of Adventist church network). No proof of the effectiveness of the car rental nor rationale for the payment scheme have been provided to us.	2 328 000	Appendix 2
Suspicious car rental expenses (2 2) It is about 2 transactions amounting NGN 100 000 and NGN 200 000. These amounts are supposed to be paid to vendor for car rental. However, the payment have been made by the Country Director himself and only cash receipt from the vendor have been provided. These amounts have been withdrawn from ADRA Bank	300 000	Appendix 3

account, transferred to an employee bank account and paid to the Country Director who paid the vendor by cash.		
Overpayment of a vendor with pre-signed cheques Difference of NGN 95 600 have been identified between the cheque (NGN 253 000) and invoices received (NGN 159 600) for the vendor Bang Production. No explanation have been provided for this difference.	95 600	Appendix 4
Payments of volunteers Total amount of NGN 440 000 have been paid to the volunteers without proper contract. The contract have been obtained for 1 month while the payment cover 3 months. Therefore, 2 months are not covered by contract. 7 volunteers have been paid on 2 months without a contract.	440 000	Appendix 5
School fees for the Country Director for its PhD During our review we noticed that the Country Director authorized a payment for himself for the purpose of school fees at Babcock University amounting to NGN 1 125 000. However, we did not receive the Board of ADRA Nigeria approval for this payment of school fees. These amount includes NGN 750 000 for which no proof of payment to Babcock University have been obtained.	1 125 000	Appendix 6
Travel to Jordan On March 2019, an expense of NGN 399 178 related to fly ticket was recorded as travel expenses for the CD from Lagos-Jordan-Lagos. This travel was supposed to be done for the annual meeting of ADRA Worldwide. However, we understood through our interview that the Associate Regional Coordinator has requested the CD to not attend this meeting as there were an investigation in the office of Nigeria. Despite this, the travel ticket was paid whereas the CD did not attend this meeting, leading to a loss of NGN 399 178 for ADRA Nigeria.	399 178	Appendix 7
Payment to staff without supporting documents Several payments were done from ADRA Nigeria bank's account to staff without supporting documents. Per discussion with the staff, we understood that these payments were for the CD. To date, no supporting documents have been provided to us.	9 891 500	Appendix 8
Total	17 353 278	

2. Review of selected transactions

Due to the lack of expenses breakdown and the lack of access to accounting system (SUN PLUS), we were not able to perform a sampling based on the total expenses nor per project and per donor. Per our discussion with the Administrative and Financial Assistant, we understood that some withdrawals on bank statements were marked with the references of corresponding documents. We therefore selected some transactions through the bank statements for which some withdrawals were marked with documents references. Below is the list of bank accounts used for this purpose:

- Bank account 0092689292;
- Bank account 0104115782;
- Bank account 0093621703;
- Bank account 0069212317;
- Bank account 005069562;
- Bank account 0062920989.

Our review of selected transactions, revealed lack of some supporting documents for several transactions amounting NGN 68 669 824. The main documents missing are:

- ✓Delivery notes;
- ✓Justification for the competition for vendors selection according to the procurement policy;
- ✓Beneficiaries list for cash supposed to be distributed in project area;
- ✓Order of mission;
- ✓Etc.

Consequently, these transactions about project implemented by ADRA Nigeria can be considered as inadequately justified and could be ineligible for ADRA Nigeria expenses.

3. Review of other allegations

3.1. Review of beneficiaries for projects implemented

As explained in the limitation to our engagement, we were not able to perform an on-site visit of beneficiaries.

So we tried to confirm the effectiveness of existence of beneficiaries, and the effective receipt of agricultural intrants for FAO projects. The following findings arose from our procedures on sample of 30 beneficiaries:

Category of beneficiaries which	Numbers #
Confirm the receipt of inputs	3
Never received the inputs	13
Phone numbers are not working	9
Did not answer to the call	5
Total	30

3.2. Review of the deductions applied on staff salaries

According to the minute of staff meeting held on August 2, 2017, the CD requested staff to voluntary contribute by 20% of salaries, for any one earning above 100 000 NGN. The purpose explained by CD was to enable ADRA Nigeria meet some obligations. **Cf. Appendix 9**

The contributions were collected by an accountant after the full pay of salaries and reported to the CD. However, there was not a follow-up and report about the total amount collected per month and how the collected amount was used. We understood through our discussion with staff that the CD was using the collected amount without providing justification.

3.3. Analysis of personnel bank statements of the former project accountant

During our procedures, we received a testimony dated August 27, 2019 from the former project accountant stating that his own bank account has been used to withdraw money from the project account. **(Cf. Annexure 2).**

We understood that the money is transferred from ADRA bank account to his bank account, then transferred on the CD bank account or withdrawn and send by cash to the CD without evidences. There are also other cases where money is transferred on personal bank account for activities purposes.

The testimony received also included some issues highlighted by the project accountant about some transactions through his bank statement. Below is a summary of issues arising from his comments on these transactions:

- a. **Withdrawals for the CD:** from 2017 to 2018, around NGN 8 732 00 was withdrawn from his bank account for the CD without evidences about the use of this money. This amount include NGN 3 000 000 about expenses for board meetings and NGN 272 000 used on the amount deducted from staff payroll as explained in the detailed recommendation 3 below ;
- b. **Withdrawals for other staffs:** around NGN 3 800 000 was withdrawn for staff without evidences, mainly for Mr. Moses Taiwo (security officer) who seems to be close friend of the CD as per our interviews;
- c. **Withdrawals for vendors:** the withdrawals include some payments to vendor for NGN 3 600 000 on instruction of the CD without supporting documents.

3.4. Review of internal control environment and Board responsibilities

As part of our investigation, we reviewed the internal control according to the procedures agreed in the LOE. We noticed that there is a poor environment of internal control within ADRA Nigeria as emphasized in the "Detailed Recommendation" below.

This situation led to the significant frauds identified and can be explained by the non-involvement of the Local Management and especially the non-involvement of the Board in the respect and the proper implementation of the policies of ADRA as required in the point 6.4.2 "Policy development and revision" of the "ADRA Africa Board Manual".

Furthermore, our review revealed that the Board failed to comply with several requirements emphasized in the rubric "Primary functions of the ADRA board" of the Board Manual. These requirements include the following functions of the Board:

- ✓ the periodic evaluation / performance review of the CD which could have permit to identify serious misconducts and other situation of frauds subject to this investigation;
- ✓ the monitoring of the appropriate implementation of ADRA operating policies, which could have permit to strengthen the environment of internal control and prevent several risks of fraud;
- ✓ the deepen review of the financial reports, which could have permit to identify some inconsistencies in the management of project funds, some ineligible expenses and issue on budget implementations;
- ✓ The oversight of staff treatment which could have permit to prevent demotion occurred and the deduction of 20% instructed by the CD without any report about the use of the amount collected.

4. Additional testimonies received after the field work

4.1. Testimony from the former project accountant

Following to our interviews and after our field work, we received from the former project accountant a testimony including several declarations about the finance staff training, the beginning of GFO project, issues with vendors, change of vendors, mismanagement of funds, closure of GFO project, etc. (**Cf. Annexure 2**). The declarations included in the testimony shared by the former project accountant, highlight several situation of misconduct and misappropriation of funds by the Country Director.

These declarations are summarized in the rubric **3. "Findings from the Forensic Investigation"**.

4.2. Case of SEA (Sexual Exploitation and Abuse) and staff demotion reported

After our field work, we received a letter dated on June 4, 2019 from the Administrative and Financial Assistant about a case of SEA and demotion that she encountered with the CD (**Cf. Annexure 3**).

She explained in her letter that the Country Director was harassing her and she was demoted by him with salary decrease without providing explanation, surely because she refused to give in to the CD's harassment. She also reported some mismanagement of funds by the CD which were already summarized above in the rubric "Amount withdrawn from ADRA Bank account and sent to the Country Director".

During our discussion with the former HR manager, she confirmed that this situation was reported to her and her own investigation and analysis confirmed that the situation occurred. But it was difficult to raise the issue as the CD was the only one responsible for everything in the organization.

Recommendations

- **Need of Timesheet and policy about shared costs allocation:** Develop a policy about the management of shared costs allocation and share it with staff for immediate use. Also, set up an automated Timesheet so that a follow up of staff time works can be done properly. Train the staff on the use of this Timesheet.
- **Need to develop and implement a system/due diligences for AML (Anti-Money Laundering) / CFT (Combating the Financing of Terrorism):** Perform a deep background check on all existing vendors/consultants/partners and systematically henceforth for any entity/individual who could enter into a relationship with ADRA Nigeria, before accepting any services from these vendors/consultants or delivering any services to partners.
- **Need of improvement in the management of HR:** Review the job description of the new HR Manager and ensure that it include specific topics on HR (recruitment, leave management, performance appraisals of staff, etc.). ADRA Nigeria must also automate the management of HR and the processing of salaries, and subscribe to an insurance for health and securities / accident for all staff.
- **Improvement in procurement practices and payment process of vendors:** address the inconsistencies in requisition forms (include reference, project code or project name, budget line, currency, etc.), and make compulsory the condition of getting two clearances on a RF. The Budget Holder should always be different from the Supervisor. The office must

prepare a procurement plan to be shared with Board and ADRA Germany for approval, and reviewed periodically. Moreover, ADRA Nigeria must collect all the documentation for any transaction (purchase requisition, invoice, delivery note, contract, etc.). Nigeria Office must also apply the policy of ADRA about the payment of vendor and banish the use of personal bank account of staff in the management of ADRA activities. Ultimately, the procurement policy must be carefully followed and applied by ADRA Nigeria.

- **Need of improvement in asset management:** Designate a person responsible for organizing periodic physical observation of assets and updating the assets register. The minute of asset observation will be signed by the participants to the physical observation and Finance Manager. Label properly all existing assets and include donor and project concerned in the code. Also, include in the asset register, the location and the unit price of each asset.
- **Properly apply the segregation of duties:** ADRA Nigeria should apply this fundamental rules as much possible and make sure that the person who prepare an information is different from the person who review it and both are different from the person who approved. The organization must reinforce policies in order to make sure that an individual is not able to influence the whole system as it is with the CD.
- **Need to improve the follow up of project expenses:** Proceed monthly to the reconciliation of project expenses and make sure that the transactions were properly recorded. Perform periodical follow up of budget and explain any deviation identified: the organization should reinforce the policy of expenses approval in order to submit for Board approval as soon as possible any case of deviation on a budget.
- **Need of improvement in terms of data back up:** With assistance of ADRA Germany, develop a policy for data back up in ADRA Nigeria. ADRA Nigeria must sensitize staff about the risks due to the lack of process for saving/archiving data and create a SharePoint for the office if possible for the use of the Staff. The alternative solution before the implementation of such system, should be to save systematically the data on external hard drive per department.
- **Management of cash and bank accounts:** Prepare monthly bank reconciliations for each bank account of the organization, according to the approval process of the financial policy. Prepare petty cash inventory which must be documented through a minute signed by the participant. Also, perform some spot control on petty cash and always reconcile it with the accounting record. The fact to pre sign cheques must be forbidden and ADRA Nigeria must develop a policy about the management of cheque-books and cheques in accordance with the SOD principles. In addition, identify the bank account supposed to be closed and initiate procedures for their closure. Make sure to receive the confirmation of closure from the bank; It is important for the organization to review the list of authorized signatories, remove all the staff who are no longer working for ADRA, and update the list after approval of ADRA Germany. Finally, ensure the management of ADRA Nigeria must make sure that there are a separate bank accounts for each project and the payments of admin expenses are managed separately from the project expenses.
- **Need of improvement in the office management:** Share the final Manual with the personnel, and refer to it for all operations and carry out the proper application of this manual. ADRA Nigeria must develop professional e-mail address for each staff and enforce the use of these new addresses by the staff. Also, send a revival to tax administration about their feedback on the letter sent in August 2017 on the request for tax exemption. ADRA Nigeria must avoid delays in payment of volunteer stipends to prevent litigations and fines.
- **Need to strengthen the capacities of accounting staff:** Grant necessary budget and time to an appropriate rollout process of SUNPLUS (initial background and skill assessment of local staff to ensure they may suit for the contemplated expanded role, trainings, close field coaching, extended remote coaching, etc.). Upon complete rollout, we would

recommend that ADRA Germany Finance team works with and assess the acquired skills of local staff during a trimester before they become more autonomous.

- **Need to improve the management of finance & accounting and documents archiving:** ADRA Nigeria must restructure the finance and accounting department so that the issues highlighted above (segregation of duties, etc.) could be properly addressed. Furthermore, the office must develop a policy for archiving documentation and dedicate a space for the archive of supporting documentation.

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Role Players: Entities

Name	Role	Reference in report
Northern Union	Member of the Adventist network	Northern Union Conference
DZIDIYA Animal FARM	Vendor for cash distribution	DZIDIYA Animal FARM
Yelsikiyani Yohanna & co enterprises	Vendor for cash distribution	Yelsikiyani Yohanna & co enterprises
MALGWI NIG LTD	Vendor	MALGWI
ABBEY GRACE NIG LTD	Vendor for fly ticket	ABBEY GRACE
BANG PRODUCTION	Vendor for T-Shirt printing	BANG PRODUCTION

Role Players: Individuals

Name	Designation / Role	Reference in report
Mr. OMOSEBI Frederick	The Country Director was responsible for the management of the office and all the activities.	Country Director (CD)
Mrs. HEAVENS Grace	Management of petty cash, etc.	Administrative and finance assistant
Mr. Gbenga Ayeni	Responsible for accounting of transactions, elaboration of financial reports, etc.	Former project accountant
Mr. Moses Taiwo	Deal with security issues regarding ADRA office and implementation of activities, etc.	Security Officer

Abbreviations

Abbreviation	Detail
CD	Country Director
NGN	Naira
SEA	Sexual Exploitation and Abuse
LOE	Letter Of Engagement
ToR	Terms Of Reference
RF	Requisition form
PO	Purchase Order
SoD	Segregation of Duties
AFA	Administrative and Financial Assistant

Annexures

Annexure	Details
Annexure 1	ToRs and the limitations on the scope
Annexure 2	Declarations of the former project accountant
Annexure 3	Letter about the case of SEA and demotion of staff

Appendices

Appendix	Details
Appendix 1	Documentation about amount withdrawn from ADRA Bank account and sent to the Country Director
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Appendix 4	Documentation about the overpayment of a vendor with pre-signed cheques
Appendix 5	Documentation about the overpayment of volunteers
Appendix 6	Voucher for the school fees for the Country Director for its PhD
Appendix 7	Documentation for travel of CD to Jordan
Appendix 8	Supporting document for the payment to staff without supporting documents
Appendix 9	Minute of meeting about the deduction of 20% of salaries as contribution

1 Introduction

1.1. Subject of report

This report serves to provide ADRA WAD with details of the work performed by Deloitte and the resultant findings, conclusions and recommendations in respect of the procedures carried out by Deloitte.

1.2. Background to the report

With reference to the LOE dated 29 July 2019, ADRA WAD instructed Deloitte Togo to conduct a Forensic Investigation into alleged irregularities at ADRA Nigeria.

1.3. Objectives of the report

The objectives of the report are therefore to:

- Document the procedures performed by Deloitte during the course of the forensic investigation;
- Notwithstanding the limitations reflected in Section 1.5 below, record the findings of the forensic investigation and the conclusions made in accordance with the objectives;
- Report on our findings with regard to any other relevant issues that were identified during the forensic investigation; and
- Recommend any remedial actions that may be available to ADRA WAD.

1.4 Plan of development

The report is presented in seven (7) separate sections of the forensic investigation reflecting the agreed TOR. These are:

- Introduction;
- The Forensic investigation;
- Findings from the Investigative Audit;
- Overall Conclusions;
- Recommendations;
- Appendices; and
- Annexures.

Each section is dealt with in full before general conclusions and recommendations are made in the second last and last sections of the report respectively.

1.4. Scope and Limitations

1.4.1. Scope of the Forensic Investigation

In line with the LOE, we were required by ADRA WAD to perform a forensic investigation around the following areas:

- Review of internal control framework for the administration and all projects (expenses approval, banks signatories, segregation of duties, reconciliation, verification and acknowledgment of goods and services, procedures for exchanging foreign currencies into Nigerian NGN, etc.);
- Forensic audit of expenses incurred by the project for the period from 1 January 2015 to 31 March 2019 (Cf. ToRs) with focus on alleged irregularities already identified by Management.

1.4.2. Limitations of Scope

During the performance of the forensic investigation, we faced the following limitations that hindered our ability to achieve all the requirements of the scope of work. The limitations are summarized in the table below:

Limitation	Description														
Access to the accounting system	We were unable to obtain accounting records and financial data due to the unavailability of the accounting system SUNPLUS. We did not receive the breakdown, of total expenses nor per project and per donor. Therefore we were also unable to breakdown the fraudulent transactions per project and per donor.														
Access to breakdowns of expenses to be reviewed	<p>ADRA Nigeria was using QuickBooks before moving to SUNPLUS in the last quarter of 2018. However we were unable to get the breakdown of expenses incurred by ADRA Nigeria on the period under review.</p> <p>Consequently, we were not able to get the breakdown and review the expenses summarized in the ToR as follows:</p> <table border="1"> <thead> <tr> <th>Year</th><th>Amount (\$)</th></tr> </thead> <tbody> <tr> <td>2013</td><td>117,289.51</td></tr> <tr> <td>2014</td><td>30,000.35</td></tr> <tr> <td>2015</td><td>362,322.36</td></tr> <tr> <td>2016</td><td>779,000.00</td></tr> <tr> <td>2017</td><td>1,490,000.00</td></tr> <tr> <td>2018</td><td>2,532,189.48</td></tr> </tbody> </table> <p>We received from ADRA Germany, a breakdown of expenses amounting Euros 1 280 405,31 about a GFO project, but we did not receive locally at ADRA Nigeria, neither a similar breakdown nor supporting documents for the transactions about this amount.</p>	Year	Amount (\$)	2013	117,289.51	2014	30,000.35	2015	362,322.36	2016	779,000.00	2017	1,490,000.00	2018	2,532,189.48
Year	Amount (\$)														
2013	117,289.51														
2014	30,000.35														
2015	362,322.36														
2016	779,000.00														
2017	1,490,000.00														
2018	2,532,189.48														
Absence of documentation	We reviewed a number of supporting documents during our investigation based on the alleged irregularities. However, due to the lack of archiving process and demobilization of staff after the closing of some projects, it was difficult to obtain supporting documents for several transactions.														
Quality of supporting documents	<p>In accordance with the allegations about forged documentation and fake invoices, and lack of proper follow up of supporting documents in ADRA Nigeria, it was difficult to obtain formal invoices and supporting documents of several transactions as in a well-organized entity.</p> <p>The situation have been considered in our analysis to avoid unrealistic conclusion. However, blatant incoherencies have been identified and reported.</p>														

Limitation	Description
Access to staff and site-visit constraints	We were unable to interview some staff relevant for the understanding of the allegations due to the demobilization of staff after the closing of some projects. For some of them, we held a phone interview but other were unavailable such as the former Board Chair of the period covered by our investigation. Moreover, we were unable to perform any forensic audit activity on Project site (Maiduguri, Yola, etc. in extreme North of Nigeria) as agreed in the LOE. Consequently, we were unable to perform some on-site verification of assets and physical interview of stakeholders and projects beneficiaries as well.
Time constraints	The audit procedures were limited by the time constraints. Our procedures have been performed within a period of 2 weeks. Our findings are then limited by the duration of the mission and the availability of documents.

1.4.3. Our work did not constitute a statutory audit

Our work constituted a forensic investigation, which involved the acquisition and examination of information through interviews conducted with relevant parties as well as the perusal and analysis of documentation and other records made available to us. Unless otherwise indicated, such information was not independently verified or audited. The work performed as per our brief did not constitute a statutory audit and therefore, we do not express an audit opinion in accordance with International Standards of Auditing.

1.4.4. Corroboration of information

In the circumstances where we could not find the relevant corroboration for evidence, you should not rely on our work and our report as being comprehensive as we may not have become aware of all facts or information that you may regard as relevant. Any assumptions made during our forensic investigation have been set out under the appropriate points of this document and are designed to be prudent and objective.

1.4.5. We do not express a legal opinion

Although the work performed incorporates our understanding of the law as it stands, we do not express a legal opinion on any issue, but merely state the facts as they have come to our attention. Our discussion of the relevant laws is intended solely to serve as a backdrop for the discussion and application of the relevant facts of the matter. It should be noted that where we do not comment on matters of law any interpretation should be referred to your legal advisors.

We also do not comment on the innocence or guilt of any person, but merely report on the facts at our disposal. It is the domain of the respective adjudicating body to pronounce upon the guilt or innocence of an individual.

1.4.6. This document should not be distributed to any other party

This report is solely for the purpose set out above and for the information of ADRA WAD. We do not accept any responsibility to third parties for breaches of this obligation or for any opinion expressed or information included in this document.

2 The Forensic Investigation

2.1 Background to the Forensic Investigation

ADRA WAD has been made aware of certain allegations of misconduct in its projects implemented in ADRA Nigeria. The allegations are related to:

- 2.1.1 Procurement fraud (forged invoice, fake invoices, suspicious vendors, etc.):** The main allegation is that ADRA Nigeria the procurement process is not following the procurement policy and probability that the management (mainly the Country Director) or staff may be involved in benefitting from the procurement process. The procured amount and the total payments made to the vendors do not match. Payments are higher than the procured amount and delivery note is not available for all the payments made. Some payments are done to the CD for vendors without supporting documents submitted. The CD influences the selection of vendors and also put pressure for payment of some vendors even when there is not sufficient cash available in ADRA bank accounts. There are several transactions without supporting documents. The management is suspected to forge invoice and documentation in order to justify some withdrawals.
- 2.1.2 Internal control environment:** The allegation is that there is bad internal control environment in ADRA Nigeria, mainly due to the control of the CD on every process. As an example, the CD use to keep the cheque-book and sometimes oblige other signatory to pre-sign cheques. Also, there is not a proper accounting system and follow up of transactions performed.
- 2.1.3 Payments to staff including the CD /misappropriation of fund by the CD:** The allegation is that ADRA Nigeria may have given cash to staff, mainly the CD and did not receive supporting documents of the transactions subject to the amount given to the staff. The amount paid to the CD is used for his own needs. The management pay some fictitious volunteer or overpay the existing volunteer and take back the surplus paid.
- 2.1.4 Kickbacks schemes:** There have been allegations that ADRA Nigeria is putting vendors under pressure to pay kickbacks in exchange for contracts.
- 2.1.5 Deduction on salaries:** The allegation is that the CD requested staff during a staff meeting, to voluntarily contribute by 20% of salaries, for any one earning above NGN 100 000 to enable ADRA Nigeria meet some obligations. However, the CD did not manage these contributions appropriately and used lot of the collected amount for his own needs.
- 2.1.6 Sexual exploitation and abuse:** a member of the staff reported that she was harassed by the CD and was demoted by him after refusing.
- 2.1.7 Enrollment of beneficiaries of projects and distribution of goods:** ADRA Nigeria management is suspected to enroll fictitious beneficiaries or to not make enrollment as per agreed framework. Furthermore, payments of good may not have been given to the beneficiaries included in the final reports.
- 2.1.8 Other issues:** Other miscellaneous allegations are related to the misappropriation of assets, non-compliance with funding agreements of the period under review, etc.

Consequently, ADRA WAD requires a fraud investigation aimed at investigating these anomalies and determining whether any fraudulent transactions have occurred.

2.2 Objectives of the Forensic Investigation

The overall objective of the forensic investigation is to investigate the allegations detailed in section 2.1 of this report and to confirm whether any fraudulent transactions have occurred and determine if possible to total amount misstated.

2.3 Methodology of Forensic investigation

The forensic investigation was conducted using a combination of techniques and methods as outlined in the table below:

Table 1: Forensic investigation Procedures Conducted

Steps Taken	Details
Preparation and Planning	<ul style="list-style-type: none"> A planning memorandum has been prepared and discussed with ADRA WAD representative on 30 July 2019 and with the Board Chair on 1st August 2019; We held a kick-off meeting with ADRA Nigeria Management: <ul style="list-style-type: none"> To understand the overall organization of ADRA Nigeria office, the flow of transactions, the procedures relating to procurement, payment to partners and the accountability of the partners, etc.; To obtain an understanding of the country office operations and the constraints;
Data Collection	All the documents have been collected with the current Board Chair, Financial and Administrative Assistant based in Abuja (contracts, invoices, proof of payment, etc.), the Country Director (budgets, report, board meeting minutes, ADCOM meeting minutes, etc.), the Regional coordinator of ADRA WAD and the project accountant.
Documentary Review	<p>We collected the following documentation:</p> <ul style="list-style-type: none"> ADRA investigation report Declarations about the case of SEA and demotion Letter about the allegations Subsequent declarations by the project accountant Supporting documents (contracts and addendum, invoices, bank statements, cheques, etc.) for the suspicious transactions; File supporting the selections of vendors, Contracts, the bank statements and selected supporting documents; Etc.
Interviews Conducted	<p>Based on the understanding of the case, we conducted interviews with:</p> <ul style="list-style-type: none"> The current Board Chair The Regional coordinator of ADRA WAD The Country Director The Financial and administrative assistant of Abuja The project accountant on site in North of Nigeria Former HR Manager Former project Accountant Some beneficiaries of projects implemented, selected randomly from the report on distribution of inputs and listing of beneficiaries
Business Intelligence Checks	We conducted Business Intelligence checks for specific entities that were directly or indirectly relevant the engagement
Reporting	We then compiled a report of findings with sections covering the respective investigation areas as highlighted in the TOR as well as an overall conclusions section.

2.4 Interviews Conducted

We conducted interviews with relevant parties during the course of the forensic investigation and have listed these individuals in the table below:

Table 2: Interviews Conducted

Name	Position
Mr. Yohanna Uchopo HARRY	Board Chair
Mr. Kossi Emmanuel	Associate Regional Director
Mr. Fredrick Adeola OMOSEBI	Country Director
Mrs. Grace HEAVENS	Financial and Administrative Assistant
Mrs. Serena	Project accountant
Mrs. Amarachi	Former HR Manager
Mr. Gbenga Ayeni	Former project accountant

2.5 Documentation Reviewed

During the course of our procedures, we reviewed documentation relevant to the forensic investigation inclusive of the following:

Table 3: List of Documentation and Information reviewed

Documents	Source
Procurement manual and other specifics manuals	Mrs. Grace
Financial and administrative manual	Mrs. Grace
ADRA Nigeria HR policy	Mrs. Grace
Investigation report	Mr. Yohanna Uchopo HARRY
Letter of allegations from Mr. David Atilade	Mr. Yohanna Uchopo HARRY
Asset register	Mrs. Grace
Bank statements	Mrs. Grace
Signed distribution list for agricultural inputs on FAO project	Mr. Frederick OMOSEBI
List of beneficiaries of agricultural products for GFO project	Mr. Frederick OMOSEBI
Supporting documentation about selected transactions	Mrs. Grace
Budget and financial report for ADRA Germany project 2017	Mr. Frederick OMOSEBI
Bank statements of the former project accountant	Mr. Gbenga Ayeni
Declaration letter of the former project accountant	Mr. Gbenga Ayeni
Declaration of the AFA about SEA and demotion	Mrs. Grace
Board manual	Mr. Kossi Emmanuel

2.6 Business Intelligence Checks

As part of the forensic investigation, we also conducted business intelligence checks for specific entities that were directly or indirectly relevant the engagement. The checks were conducted on the following entities:

Name	Activity or products	Contacts
Malgwi Nig Ltd	Food suppliers & general trading	0803 1168 206 / 0813 600 996
HYELISKIYANI Yohanna & Co. Entreprises	Food, foodstuffs, etc.	0803 2829 552
ALHADJI Ali Mustapha & Sons	Sugar, rice, bean, etc.	0805 6 18 4111 / 0808 354 1960

3 Findings from the Forensic Investigative audit

3.1 Amount withdrawn from ADRA Bank account and sent to the Country Director

Facts and observation:

Our review of ADRA Nigeria expenses, reveals that several cheques amounted to **NGN 2 774 000** were prepared with the name of employee (mostly accountant) as beneficiaries. We also noticed that the money was subsequently transferred on the Country Director's bank account or withdrawn and send back to him by cash. However, no supporting document was provided by the CD to justify the expenses.

The financial policy of ADRA Nigeria state that "each work advance must be cleared by returning appropriate receipts and any remaining funds within one week unless other arrangements are made with the supervisor according to Financial Policy". It is also specified that "all proper documentation must be provided before approval of check one week unless other arrangements are made with the supervisor".

To date, no evidence was provided by the Country Director for these transactions listed below.

Date of the cheque	Cheque reference	Amount (NGN)	Documents received	Comments
03/07/2018	08268032	1 500 000	<ul style="list-style-type: none">▪ Acknowledgment letter signed by the CD;▪ Bank statement about the withdrawal of the amount;▪ Cheque issued with the name of the AFA.	The amount was withdrawn by the Administrative and Financial Assistant (AFA), and given back cash to the Country Director. The Country Director signed a letter where he acknowledge receipt of the amount, without providing supporting documentation. The purpose included in the letter is about truck rental and purchase of fertilizer.
08/08/2018	08268041	750 000	<ul style="list-style-type: none">▪ Acknowledgment letter signed by the CD;▪ Bank statement about the withdrawal of the amount;▪ Cheque issued with the name of the AFA.	The amount was withdrawn by the Administrative and Financial Assistant, and given back cash to the Country Director. The Country Director signed a letter where he acknowledge receipt of the amount, without providing supporting documentation. The purpose included in the letter is about vehicle rental expenses.

02/05/2019	14453070	200 000	<ul style="list-style-type: none"> ▪ Transfer receipt, from finance assistant's bank account, to CD's bank account on 17/5/2019. ▪ Cheque of 300 000 NGN prepared with the name of Mr. AbdulMadjid (Community Mobilizer). 	<p>The amount of 300 000 NGN was initially transferred to an employee on site (Mr. AbdulMadjid Muhamoud). Then, the Administrative and Financial Assistant received from this total amount, 200 000 NGN from the Project Manager (Mr. Patrick Bawa) and was asked to transferred the amount to CD's bank account. The CD did not provide documentation about this amount. The remaining 100 00 NGN were used for site needs according to the supporting documents received for this amount.</p>
06/08/2018	08268039	324 000	<ul style="list-style-type: none"> ▪ Cheque issued with the name of AFA; ▪ Acknowledgment letter signed by the CD. 	<p>As per the CD's letter, the amount is dispatched as follows:</p> <ul style="list-style-type: none"> ▪ 300 000 NGN for completion of vehicle rental payment ▪ 24 000 NGN for office stationaries <p>On a total amount of 450 000 NGN of the cheque, 324 000 NGN was sent back cash to the CD. We did not receive supporting document to justify this amount transactions. We received the documentation about the remaining amount (126 000 NGN).</p>
TOTAL		2 774 000		

3.2 Suspicious car rental expenses

3.2.1 Suspicious car rental with Northern Union

Facts and observation:

The disbursements of ADRA Nigeria include a payment of 2 328 000 NGN for hiring of 2 vehicles. The documentation received about the transaction are about the vendor Sharuten Investment. However, the cheque was collected by Northern Union Conference. In such situation, the occurrence of this transaction and its relevance for ADRA activities cannot be demonstrated.

Date of the cheque	Cheque reference	Amount (NGN)	Documents received
28/03/2019	14453040	2 328 000	<ul style="list-style-type: none"> ▪ Cheque withdrawn by Northern Union; ▪ Cash receipt N°0155 from Sharuten Investment on 28/03/2019; ▪ Invoice N°055 from Sharuten Investment on 28/02/2019;

			<ul style="list-style-type: none"> Rental agreement between ADRA Nigeria and Sharuten Investment.
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3.2.2 Other suspicious car rental

Facts and observation:

We identified some payments by cheques prepared with the name of the financial assistant, who withdrawn money and gave it back to the CD for an amount of NGN 300 000. According to the supporting document received, these payments are supposed to cover car rental expenses. But the documentation received are not sufficient to justify the transactions. Below, is an overview of the 2 transactions concerned:

Date of cheque	Cheque reference	Amount (NGN)	Vendor	Documents received	Comments
28/05/2019	14453092	200 000	Araromi Olorunsogo ENT	<ul style="list-style-type: none"> Cash receipt from the vendor dated on 30/5/2019 Cheque prepared with the name of financial assistant 	The full amount was withdrawn cash and given back to the Country Director. Also, there is a lack of invoice and any other document which can specify the purpose of this hiring, the duration, beneficiaries and where it took place. The purpose in the cash receipt is transportation from Airport to Babcock University.
30/11/2018		100 000	Ken Car Hire Service	<ul style="list-style-type: none"> Cash receipt N°22 from the vendor dated on 30/11/2018; Acknowledgement letter signed by the CD on the same date. 	Lack of invoice and any other document which can specify the purpose of this hiring, the duration, beneficiaries and where it took place. The purpose in the cash receipt is airport pick up and drop off for Board members.
Total		300 000		<ul style="list-style-type: none"> 	

3.3 Overpayment of a vendor with pre-signed cheques

Facts and observation:

Our reconciliation between the payment (253 000 NGN) done by ADRA Nigeria for the vendor Bang Production as per cheque N°14453066 and the amount of documentation received [159 600 NGN (39 600 + 120 000 NGN)] reveals a difference of 92 500 NGN corresponding to a payment in excess to the vendor. Also, we did not received invoice for the transaction of 120 000 NGN about printing of T-Shirt for Safe Energy.

This payment was done in connection with the printing of T-Shirts for some activities of ADRA.

3.4 Overpayment of volunteers

Facts and observation:

For the purpose of its projects, ADRA Nigeria use to appoint some volunteers. These volunteers received allowance / Stipends in accordance with their contracts. The contracts specify the period of employment which must not be beyond 3 months. We understood through our discussion with the Country Director that the contract is attached to payment of corresponding allowances.

Our review of transactions concerned by the pre signed cheques revealed that some volunteers employed on FAO project were paid for a period of 3 months, longer than the period in their employment contract (1 month: December 2018) received. This situation led to a surplus of payment in volunteers' stipends amounting **440 000 NGN**.

Date of cheque	Cheque reference	Name of volunteer	Amount paid	Period of contract	Monthly allowance	Amount to be received	Difference (Surplus paid)
30/11/2018	14453067	Mohamed Isa Dawa	120 000	1 month	40 000	40 000	80 000
02/05/2019	14453069	Abba Bilal Gom	90 000	1 month	30 000	30 000	60 000
02/05/2019	14453069	Bura Aisami Wajiro	90 000	1 month	30 000	30 000	60 000
02/05/2019	14453069	Jugudum Ali Naglama	90 000	1 month	30 000	30 000	60 000
02/05/2019	14453068	Hauwa Saleh	90 000	1 month	30 000	30 000	60 000
02/05/2019	14453071	Bashir Dogo	90 000	1 month	30 000	30 000	60 000
02/05/2019	14453072	Makinta Modu	90 000	1 month	30 000	30 000	60 000
TOTAL			660 000			220 000	440 000

Furthermore, we identified significant delays in payment of volunteer's allowances & stipends. Some of stipends above, paid on May 2019, are about December 2018.

3.5 School fees for the Country Director for its PhD

Facts and observation:

During our review we noticed that the Country Director authorized a payment for himself for the purpose of school fees at Babcock University amounting to 1 125 000 NGN.

However, we did not receive the Board approval for these transactions and for one of them, the limit of the registration period was in July 2018 whereas the payment was received by the CD on 2019. Also, this amount includes NGN 750 000 for which no proof of payment to Babcock University have been obtained. Consequently the appropriateness and the relevance of the transactions cannot be demonstrated. We summarized below the detail of these transactions.

Date of cheque	Cheque reference	Amount (NGN)	Documents received	Comments
09/08/2019	39246931	750 000	<ul style="list-style-type: none"> ▪ Cheque issued on Access Bank; ▪ Acknowledgment letter signed by the CD; ▪ Offer of provisional admission into Higher Degree program from the University; ▪ Extract from ADCOM meeting minute. 	The amount of 750 000 NGN was withdrawn by the CD. The documentation attached seems to be for the academic session of 2018. The deadline for payment of registration was for 20 July 2018 and the amount was 50 000 NGN. However the CD received a cheque of August 2019 for 750 000 NGN. Also, this expense was only authorized by the ADCOM (Admin Committee) led by the CD himself. There was not approval of the Board. The purpose was about school fees about PHD program for the 2019/2020 academic session as per his letter. We noticed the lack of receipt of the University or any similar document
15/03/2019	14453011	375 000	<ul style="list-style-type: none"> ▪ Cheque collected by CD; ▪ Requisition form; ▪ Babcock University receipt of payment; ▪ Extract from ADCOM meeting minute. 	This expense was only authorized by the ADCOM (Admin Committee) led by the CD himself. No approval of the Board. The purpose was about school fees about PHD program as per the receipt.
TOTAL		1 125 000		

3.6 Travel to Jordan of the Country Director

Facts and observation:

On March 2019, an expense of 399 178 NGN related to travel ticket was recorded as travel expenses for the CD from Lagos to Jordan and back to Lagos. This travel was supposed to be done for the annual meeting of ADRA worldwide.

However, we understood through our interview that the Associate regional coordinator has requested the CD to not attend this meeting as there were an investigation in the office of Nigeria. Despite this, the travel ticket was paid whereas the CD did not attend this meeting, leading to a loss of NGN 399 178 for ADRA Nigeria.

Date of cheque	Cheque reference	Amount concerned (NGN)	Vendor	Documents received	Comments
25/02/2019	02694142	399 178	Abbeygrace Nigeria Limited	<ul style="list-style-type: none">▪ Cash receipt N°15570 from the vendor dated on 05/03/2019▪ Invoice N°84509 from the vendor dated on 18/02/2019▪ Reservation of Fly Ticket from Emirates for 399 178▪ Cheque with the name of the vendor	The invoice is dated on 18/02/2019 and the reservation of fly ticket indicate a departure for 19/02/2019. The CD was not at the event for which the fly ticket was taken as confirmed by the regional coordinator of ADRA WAD.

3.7 Payment to staff without supporting documents

Facts and observation:

Several payments were done on ADRA Nigeria bank's account to staff without supporting documents. We understood though our discussion with staff that these payments were for the CD. To date, no supporting documents have been provided to us.

These payments were processed with the WFP bank account. Below is a sample amounting NGN **9 891 500**:

Date of cheque	Cheque reference	Amount (NGN)	Documents received	Comments
18/02/2019	02694140	541 500	▪ Cheque issued with the name of Mr. Muhammad Magayi.	No supporting document was provided/available to justify this payment.
25/02/2019	02694143	200 000	▪ Cheque issued on Diamond Bank.	No supporting document was provided/available to justify this payment.
17/02/2017	76881464	4 000 000	▪ Cheque to the security officer	No supporting document was provided/available to justify this payment.
15/02/2017	76881463	1 650 000	▪ Cheque to the security officer	No supporting document was provided/available to justify this payment.
26/01/2017	76881459	1 500 000	▪ Cheque to the project accountant	No supporting document was provided/available to justify this payment.
21/06/2016	02694065	2 000 000	<ul style="list-style-type: none"> ▪ Cheque to Mr. Moses Taiwo (Security Officer on site); ▪ Cash voucher of ADRA N°1235 	No supporting document was provided/available to justify the occurrence of this transaction and its relevance for ADRA activities. The purpose included in the cash voucher is about implementation of FAO project
TOTAL		9 891 500		

3.8 Transactions inadequately justified

Facts and observation:

Our review of selected transactions, revealed lack of some supporting documents for several transactions amounting NGN 68 669 824. We summarized below the transactions concerned:

Date of cheque	Cheque reference & description	Amount (NGN)	Documents received	Comments
03/05/2019	N°14453079 Car Hiring: balance to settle	280 000	<ul style="list-style-type: none"> ▪ Cheque; ▪ Invoice N°00101 for the balance to settle; ▪ Breakdown of GFO expenses 	<ul style="list-style-type: none"> ▪ Lack of ADRA Germany approval about this outstanding balance for car hiring after the closing of GFO project; ▪ Payment done to vendor though FAO funds for this

			incurred after report; ▪ DHL receipt about the transmission of documentation do ADRA Germany.	expense supposed to be about GFO.
02/05/2019	14453078 Printing of T-Shirt for FAO projects	200 000	▪ Cheque; ▪ Requisition form; ▪ Cash sale invoice N°92.	▪ Requisition form not verified and not approved by the clearances required; ▪ Lack of delivery receipt for this printing of T-Shirt for FAO project.
02/05/2019	14453064 Accommodation and perdiem of 2 staff for distribution of seeds to 2 900 beneficiaries	134 000	▪ Cheque to the security officer; ▪ Internal memo; ▪ Order of mission for the 2 staff (Malafa Abel and Moyosore Alabi) ▪ Contracts of the 2 staffs; ▪ Trip report (not signed)	▪ Trip report not signed; ▪ Huge delay in the payment of perdiems (Distribution in last quarter of 2018 and payment in May 2019); ▪ Cheque in the name of one staff (Malafa Abel), and no discharge by the other staff; ▪ The attached contract was for other staff, different from the 2 persons assigned to this task.
02/05/2019	14453063 Various expenses about maintenance of car Toyota Hillux 1997 (tyre, tie road, carburetor, etc.)	184 000	▪ Cheque; ▪ RF; ▪ Request for quotation for 2 vendor; ▪ Cash sales invoice N°12	Lack of good receipt for the purchase of tyres for NGN 120 000.
06/03/2018	7683779 Cash distribution performed by "DZIDIYA Animal FARM" on February 2018 in connection with the "Multipurpose grant assistance to IDPS and returnees in Borno and Adamawa State" within 6	21 436 129	▪ Cheque; ▪ Letter for reimbursement request by the vendor; ▪ Contract of cash distribution between ADRA Nigeria and vendor; ▪ Invoice N°385 for the cash distributed (NGN 19 848 267); ▪ Invoice N°386 for commission of	▪ Lack of beneficiaries register for this cash distribution performed. According to the terms and conditions of the contract, the transfer cash was supposed to be done based on beneficiary list to be provided by ADRA Nigeria. ADRA Germany Response: A beneficiary list including biometric information (Picture) and fingerprint is available as

	community in Jakana, Konduga local government area		vendor on cash distributed (NGN 1 587 861)	<p>original document in the original office.</p> <ul style="list-style-type: none"> ▪ Lack of competition for vendor selection, leading to the change of this vendor in April because another vendor was suggesting a lower rate for commission (7, 5% instead of 8%). <p>ADRA Germany Response: ADRA Nigeria with consultation of ADRA Germany selected DZIDIYA Animal FARM through 3 quotations. Price is only one criteria. The selection was done according to recommendation letter by other organizations as Mercy Corps. This financial service provider had already experience to work in this area – therefore it was selected.</p>
18/05/2018	<p>12457052</p> <p>Cash distribution performed by "Yelsikiyani Yohanna & co enterprises" on May 2018 in connection with the "Multipurpose grant assistance to IDPS and returnees in Borno and Adamawa State" in Mararraba Mubi, Hong local government area.</p>	14 804 201	<ul style="list-style-type: none"> ▪ Cheque; ▪ Letter for reimbursement request by the vendor; ▪ Contract of cash distribution between ADRA Nigeria and vendor; ▪ Invoice N°0156 for the cash distributed (NGN 13 771 350); ▪ Invoice N°0158 for commission of vendor on cash distributed (NGN 1 032 851,25). 	<ul style="list-style-type: none"> ▪ Lack of beneficiaries register for this cash distribution performed. According to the terms and conditions of the contract, the transfer cash was supposed to be done based on beneficiary list to be provided by ADRA Nigeria. <p>ADRA Germany Response: A beneficiary list including biometric information (Picture) and fingerprint is available as original document in the original office.</p> <ul style="list-style-type: none"> ▪ Lack of competition for vendor selection. <p>ADRA Germany Response: Vendor selection was done with three quotes.</p>
22/10/2018	15197851	7 402 101	<ul style="list-style-type: none"> ▪ Cheque; 	Lack of beneficiaries register for this cash distribution

	Cash distribution performed by "Yelsikiyani Yohanna & co enterprises" for September 2018 in connection with the "Multipurpose grant assistance to IDPS and returnees in Borno and Adamawa State" in Mararraba Mubi, Hong local government area		<ul style="list-style-type: none"> ▪ Letter for reimbursement request by the vendor; ▪ Contract of cash distribution between ADRA Nigeria and vendor; ▪ Invoice for the cash distributed (NGN 6 885 675); ▪ Invoice for commission of vendor on cash distributed (NGN 516 425). 	performed. According to the terms and conditions of the contract, the transfer cash was supposed to be done based on beneficiary list to be provided by ADRA Nigeria.
03/11/2017	8287112 Distribution of products (rice, onion, maize, bean, etc.) by "MALGWI NIG LTD" on October 2017 in Mubi.	16 397 250	<ul style="list-style-type: none"> ▪ Cheque; ▪ Purchase order; ▪ Cash receipt; ▪ Invoice. 	<ul style="list-style-type: none"> ▪ Lack of beneficiaries register for this distribution of products; ADRA Germany response: beneficiary list is available ▪ Lack of delivery note for the products; ▪ Lack of competition for the selection of the vendor. ADRA Germany Response: Vendor selection was done with three quotes.
15/03/2016	63326907 Travel to OWERRI for the CD.	200 000	<ul style="list-style-type: none"> ▪ Fly Ticket; ▪ Cheque issued for the CD. 	Lack of order of mission for this travel of the CD.
28/07/2016	63326917 Travel to Copenhagen for the CD.	230 043	<ul style="list-style-type: none"> ▪ Fly Ticket; ▪ Invoice for fly ticket; ▪ Cheque issued for the CD. 	Lack of order of mission for this travel of the CD.
TOTAL		68 669 824		

Consequently, these transactions could be ineligible for project implemented by ADRA Nigeria.

3.9 Review of beneficiaries of projects implemented

Facts and observation:

ADRA Nigeria is committed to humanitarian actions in the North of Nigeria where Boko Haram is very active. For this purpose, the organization implement several projects such as distribution of foods, distribution of agricultural projects (fertilizer, seeds, rice, etc.), etc. As explained in the limitation to our engagement, we were not able to perform an on-site visit of beneficiaries.

During our engagement, we received the beneficiaries list of distribution of agricultural projects for 2 projects. We randomly selected some of them in order to check if they effectively received goods from ADRA Nigeria. Globally noticed on the beneficiaries' registers that several beneficiaries did not have phone number. Below is the summary of our findings about our sampling.

▪ **FAO project: AGRIC INPUT - ADAMAWA STATE**

S/N	Ward	Name Surname and (IDP, Host or returnee)	Type of HH	Cell No (if possible)	Date of call	Comments	Effective beneficiary?
MUBI SOUTH LGA							
1	LAMURDE	WILLIAMS M MUVUR	HOST	08065319123	09/08/2019	Nothing received as agricultural product. Same case for his wife called Yelly Williams. They were all registered few years ago.	N
2	WURO PATUJI	ISHAKU PETER	HOST	08133326468	09/08/2019	Busy	N/A
3	MADANYA	THOMAS ELIAS	HOST	08118720700	09/08/2019	Unreachable, number unavailable	N/A
4	MBULUMA	SUNDAY JAMES	HOST	08051666073	09/08/2019	Did not receive anything	N
5	WURO PATUJI	YOHANNA DAGIZUWA	HOST	08121179325	10/08/2019	Is not aware of this and is wondering how is number was included in the report	N
2914	NASSARAWO	MICHAEL JOSEPH	IDP	07013517249	10/08/2019	Problem of network	N/A
2859	GELLA	AHMADU YUGUDA	IDP	08033542132	10/08/2019	Call but no answer	N/A
2410	LAMURDE	HAUWA'U YUSUF	HOST	09033925973	10/08/2019	Agriculture product received by his wife	Y
1833	MUDA	MUKTARI MOHAMMED	HOST	81394477813	10/08/2019	Unreachable, number unavailable	N/A
727	NASSARAWO	JIBRILLA IYA DIGIL	HOST	8036053964	10/08/2019	Enrolled but did not receive anything. He also said that another guy called Abdurahim Omar	N

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						arbah is in the same case.	
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▪ **FAO project: AGRIC INPUT - ADAMAWA STATE**

S/N	Ward	Name and Surname	Type of HH (IDP, Host or Returnee)	Cell No (if possible)	Date of call	Comments	Effective beneficiary?
YOLA SOUTH LGA							
1	SANGERE	NAOMI B. VANJA	HOST	09061298288	09/08/2019	Fertilizer received in 2018	Y
2	SANGERE	MARIA DILLI	HOST	08113892354	09/08/2019	Never received products	N
8	GANA EXPER	BIBIANA IJASUBU	HOST	08063843201	09/08/2019	The number is owned by Mr JOHN IGEY, another person.	N
9	GANA EXPER	NAOMI SIMON	HOST	07033574883	09/08/2019	Unreachable, number unavailable	N
16	KAREWA	OLAIDE OYEYEMI	HOST	08034397139	10/08/2019	The owner of the number is someone else	N
330	BOLE/YOLDE PATE	AISHATU HASSAN	RETURNEE	08109458656	10/08/2019	Did not received	N
531	BOLE/YOLDE PATE	RAHMATU USMAN	RETURNEE	08054072817	10/08/2019	Number busy	N/A
781	Wuro Jabe	Patience Benjamin	Host	9069280732	10/08/2019	Unreachable, number unavailable	N/A
805	Malkohi	Adamu Hassan	IDP	08024720280	10/08/2019	Unreachable, number unavailable	N/A
995	Malkohi	FANTA ALI TELA	IDP	08125689375	10/08/2019	Unreachable, number unavailable	N/A

FAO project: Agricultural inputs

S/N	Ward	Community	Name and Surname	Cell No (if possible)	Date of call	Comments	Effective beneficiary?
0618		Nduku Community	Rufal Saly	803 932 19 29	09/08/2019	Leaving in Modesty, South East of Nigeria: Wrong person	N
0641		Yawa	Ibrahim SHEHU	803 476 03 34	10/08/2019	The owner of this number is someone else	N
0877		Wuro Bulude	MAXWELL SAKAWA	803 527 08 90	10/08/2019	He is not aware of this distribution	N
0700	Mubi Soubia		JOSHUA VICENT	8031510070	10/08/2019	Did not receive anything	N
0741	Mubi Soubia		ISA USMAN	8 034 795 389	10/08/2019	Call, without answer	N/A
0791	Mubi Soubia	Sabon PEGT	Veronica Peter Sali	7 061 616 825	10/08/2019	Problem of network	N/A
0836	Mubi Soubia	Sabon PEGI	Rufkatu Brahim	8 157 697 942	10/08/2019	Unreachable, number not allocated	N/A
0880	Mubi Soubia	Wuro Bulude	Saidu Buba	8084846305	10/08/2019	Did not receive anything Filled all the file for enrollment but did not receive anything.	N
0938	Mubi Soubia	Yawa	Peter Achaba	7033821175	10/08/2019	Received fertilizer and seed	Y
0997	Mubi Soubia	WURO PAT	RODA AMOS	8 161 771 273	10/08/2019	Call, without answer	N/A

N: No Y: Yes N/A: Not applicable

3.10 Review of the deductions applied on staff salaries

Facts and observation:

According to the minute of staff meeting held on August 2, 2017, the CD requested staff to voluntarily contribute by 20% of salaries, for any one earning above NGN 100 000. The purpose given by the CD was to enable ADRA Nigeria meet some obligations. The meeting was led by the CD and attended by the following staff and:

- ✓ Project Director, Mr. Dapo;
- ✓ Project accountant, Mr. Gbenga;
- ✓ Project Manager of Maiduguri office, Mrs. Leah Dangana;
- ✓ Communication & security Officer, Mr. Moses Taiwo;
- ✓ Cashier of Maiduguri Office, Mr. Simidole;
- ✓ Cashier of Yola office, Mrs. Grace Heavens.

The contributions were collected by an accountant after the full pay of salaries and reported to the CD. However, there was not a follow-up and report about the total amount collected per month and how the collected amount was used. We understood through our discussion with staff that the CD was using the collected amount without providing justification.

3.11 Analysis of personal bank statements of a former accountant

Facts and observation:

We understood during our review that the Country Director never used his own bank account to withdraw money from ADRA bank accounts. Our interviews and review of testimony received from the former project accountant (demobilized after the closing of project in December 2018) highlighted that his bank account was much used by the CD to withdraw money and also for other purposes without evidences.

We therefore collected the bank statements of this former accountant for 2017 and 2018 and summarized below the main comments he shared about some transactions from his bank statements:

- a. **Withdrawals for the CD:** from 2017 to 2018, around NGN 8 732 000 was withdrawn from his bank account for the CD without evidence about the use of this money. This amount includes NGN 3 000 000 about expenses for board meetings and NGN 272 000 used on the amount deducted from staff payroll as explained in the detailed recommendation 3 below ;
- b. **Withdrawals for other staffs:** around NGN 3 800 000 was withdrawn for staff without evidences, mainly for Mr. Moses Taiwo (security officer) who seems to be close friend of the CD as per our interviews;
- c. **Withdrawals for vendors:** the withdrawals include some payments to vendor for NGN 3 600 000 on instruction of the CD without supporting document.

3.12 Review of internal control environment and Board responsibilities

Facts and observation:

As part of our investigation, we reviewed the internal control according to the procedures agreed in the LOE. We noticed that there is poor environment of control within ADRA Nigeria as emphasized in the "Detailed Recommendation" below. This situation led to the significant fraud identified and can be explained by the non-involvement of the local Management and especially the non-involvement

of the Board in the respect and the proper implementation of the policies of ADRA as required in the point 6.4.2 "Policy development and revision" of the "ADRA Africa Board Manual".

Furthermore, the Board Manual emphasize in the rubric "Primary functions of the ADRA board", the main functions of the Board which includes:

- Ensure that the organization complies with the ADRA Operating Policy and also with the laws of the government(s) where it operates;
- Receive and respond to all country office financial and audit reports;
- Appoint an ADRA country office director who is accountable to the local board and fulfills the role of executive officer;
- Conduct an annual performance review of the country director;
- Establish approval processes for all staff employment and termination actions, and ensure compliance with local labor laws;
- Ensure there is appropriate insurance for the physical assets and employees of the country office.

However, we noticed during our engagement that the Board did not fulfill several functions such as:

- the periodic evaluation / performance review of the CD which could have permit to identify serious misconducts and other situation of frauds subject to this investigation;
- the monitoring of the appropriate implementation of ADRA operating policies, which could have permit to strengthen the environment of internal control and prevent several risks of fraud;
- the deepen review of the financial reports which could have permit to identify some inconsistencies in the management of project funds, some ineligible expenses and issue on budget implementations;
- the oversight of staff treatment which could have permit to prevent demotion occurred and the deduction of 20% instructed by the CD without any report about the use of the amount collected;
- The insurance for assets employees of the office which should reduce the risk of asset loss and employees well-being due to the fact that ADRA Nigeria is operating in the North of Nigeria, where terrorist group Boko Haram are very active.

Based on the fact described above, we can conclude that the Board failed to comply with the requirements of the Board Manual.

3.13 Testimony from the former project accountant

Facts and observation:

Following to our interview with the former project accountant who was working with the CD for a period covered by our investigation, we received from him several declarations.

Below is a summary of the key points of these declarations:

▪ General facts:

The former project accountant wrote in his statement, that he was working from April to June 11, 2016 as a volunteer without contract nor pay. He also said that the CD had since this period been issuing cheque in his name to withdraw for the CD used who introduced him to people as the accountant of ADRA Nigeria whereas it was not the case. He was awarded with a volunteer contract around June 12, 2016 with monthly stipend of NGN 20 000.

His volunteer contract expired in December 2016, but the CD gave him a formal contract only in March 2017 as a project accountant with a monthly salary of NGN 50 000 not attached to a particular project. The CD also backdated the contract to January 2017 and refused to pay back the arrears from January to March.

On January 26, 2019 the CD asked him to come to Lagos for an assignment. The CD then gave him a cheque of NGN 1 500 000 in the name of the former project accountant and around NGN 800 000

was given back to the CD cash and the remaining amount for project needs. When the former project accountant request for documentation, the CD told him that they borrowed money to perform a project and refused to provide documentation and more information about this loan. He then realized that the CD called him (from the site) to Lagos just for the purpose of this fraudulent practice.

- **Finance staff training:**

He reported that around May 2017, a training of ADRA Nigeria finance team was performed by an agent of ADRA AFRO (Emmily) with introduction to QuickBooks. After this training, Emmily made some recommendations such as proper Authorization of payment, proper documentation and that the Country Director should not be handling cheque to enable the accountant responsible for each payment. He said that the CD released one and kept others even he still make instruction to make this and that payment without justification nor any supporting documents.

- **About the beginning of GFO project:**

Early in July 2017, a staff of ADRA International came in Nigeria to launch a project and assessment of the organization activities in Nigeria. During this engagement, the CD insisted that they report to have paid July salary to staff even when staff were not paid in reality and the money was moved to admin account. The former project accountant also added that some staff like Simidele and Leah sent him to the CD to pay part of the July salary even if it is just 50% because he made all the staff sign pay slip for July 2017 salary for money they did not collect. When he talked to the CD about this issue, the CD they did not work for GFO in July so that they should not receive money even if they sign pay slip for July Salaries.

The CD said to him that "It is the only way admin could have money since there was no admin income in the budget and you people did not even know where we normally getting the money we have been using to pay you before this GFO".

He also reported that Mr. Moses (Security Officer) was in control of the operation including sourcing for vendors and issues related to LPO although there was an appointed project Manager in Yola called Mr. Patrick Bawa. This project Manager seemed to be a close friend of Mr. Moses who is a close friend of the CD.

- **Issues with vendors:**

For a procurement, the vendor "Malgwi Alluminium" was selected after analysis. The payment was made after distribution and to the amazement of the former project accountant, the vendor placed a call to him for the first time, and introduced himself as Malgwi that he got his number from Mr Moses (Security Officer) and told the former project accountant that he will like to give him call card that he should send my account number. He sent it to the vendor and the following day his account was credited with NGN 50 000. He was scared and called the vendor that the money was too much for a call card but he declined not to be too much that other accountants in other organizations will be disturbing him for share but the project accountant did not call nor disturb. The second distribution was done by the same vendor and after the payment again the account of the former project accountant was credited with NGN 40 000 this time.

The former project accountant added that he noticed that that anytime there is delay with payment of this vendor, Mr Moses (Security Office) would be mounting pressure on him for the payment. So he sensed there was kind of close relationship between Mr. Moses and the vendor. In January 2018, also the vendor called him and was complaining that his money was not complete that the LPO and the Invoice was under-priced that he was not happy with what Mr Moses did. The project accountant told him, that they can only pay what they see on the LPO and the invoice, that he should resolve whatever discrepancy he has with the people he had contact with or write a formal complain to the organization since he was not there. They paid what they see on the LPO and Invoice since the project team certified the quantity delivered. The vendor said "ok no problem" that he should not be annoyed that he will not be able to send anything to him and the accountant told him he was not expecting anything either.

▪ **Change of vendors:**

In January of February, the vendor was changed by "Hysikiyani Enterprise" owned by Madam Hellen. When the project accountant raised the issue of vendor change by mail he was asked by Mr. Moses to not ask this kind of question by mail, but advised him to go to talk to the CD who argued that the former one misbehaved without more explanation. He then noticed that the pressure for payment of this new vendor was more from Mr Moses and sometime the Country Director will be the one to call him and ask when they are paying the food Vendor. Sometime there was shortage of fund and accounting staff was trying to rationalize the little fund they had to pay the debtors. The former project accountant had agreed with ERC before including Project Director, but the Country Director insisted they pay the food vendor full so that they know they have cleared her. The CD also said the former project account should always obey his instruction, that his own instruction supersede that of ERC. The CD added that he requested for ERC and interviewed him and that he can write ADRA Germany that he does not want ERC anymore if he feel like.

▪ **Staffing and staff welfare:**

All the existing staff before the advent of GFO were automatically considered for the project except Mr. David Atilade, who wrote the allegation. The former project accountant thought that Mr. David Atilade had the capacity but was only marginalized because he could not bow to the CD ruler ship.

▪ **Mismanagement of fund**

During a visit of Rene (ADRA Germany), the CD, Mr. Moses, Mr. Rene and the former project accountant (Mr. Gbenga) was in the car for the airport. And the CD told to Mr. Moses in Yoruba (Local language) that "Mr. Gbenga is not smart, he was allowing the project staff to control and dictate to him, and they were the only one eating the project money on the field that nothing was coming out". Mr. Moses laughed and was assuring the CD that Mr. Gbenga will be smart very soon.

The CD also requested money for accommodation of Mr. Rene at Babcock and the former project account said that Babcock should send their Bill when Mr. Rene will leave so that they would pay directly to Babcock. However, the CD and Mr. Moses insisted that the cash be pay to the CD. The former project accountant therefore raised the advance of NGN 200 000 to the CD. But when he requested the documentation to the CD, the CD said that he did not have evidence for this because he used facility with Babcock University for Mr. Rene. The CD did not return the money but brought some non-related receipt like repair of his vehicle which was declined by the project accountant and up to the date of his letter, that money was not returned by the CD.

▪ **About the closure of GFO project**

During the project closure meeting in Abuja around August, the former project accountant presented his report. This report was still showing that ADRA Nigeria had balances but the bank account was showing an amount less than his report. Then, the former project accountant made them understood those balances are the money used for other projects which had not been refunded to GFO.

The former project accountant also said that, about 2 occasions, Mr. Moses had met him in Abuja and gave him cash to help him (Mr. Moses) deposit it in the country Director Account.

After the allegations from the whistle blower, the CD came in Maiduguri and informed staff about what was happened and brief the staff about what to say to every question and let them understand that the office will be closed if they found out those allegations were true. So at that meeting, the former project accountant and Mr Moses were asked to look for supporting document to support FAO project because it was only in FAO there was issue of documentation. GFO and WFP were better in this last phase due to the additional unit, Supply chain added, separated from Finance. They started the work, but work was not going on. When the CD or ERC call, Mr. Moses to ask if the work is going on, Mr Moses would say, the work was going on that they were making progress which we were not. So the CD will shout and scream on the former project account on

phone when he will know that there was no progress. The accountant was fed up and took remaining leaves in Abuja. He met the ERC there, who asked him what was the issue with the documentation to prepare. The accountant told him that they wrote that he was involved in the allegations by forging documents, and now still asking him to continue.

When the CD was informed that the Auditor were coming around May 2019, he tried all he could to invite the former project accountant and support in the preparation. But he declined totally because he knew the CD was inviting him for no other mission than to be looking for documents that were never in existence.

3.14 SEA and demotion of staff

Facts and observation:

After our field work, we received a letter dated on June 4, 2019 from the AFA about a case of SEA and demotion that she encountered with the CD. Below is an overview of the facts described in this letter.

In her formal statement, she explains that she was working at Babcock guest house when the CD asked her if she is interested to join ADRA before asking her if she wanted to be in Abuja or Yola, and she chose Yola. She was not yet recruited at ADRA but the CD booked fly ticket (Abuja to Yola for 3 days) for her and booked one room for both of them against the consent of the AFA for interview purpose. During the stay, the CD insisted in demanding sex to the AFA who was forced to lock herself in the toilet many times.

After these facts, she received a contract in August 2017 as a cashier. As per her statements, the CD continued to harass her without success. Then, she was demoted as community mobilizer in January 2018 without explanation and with a salary decrease from NGN 180 000 to NGN 162 000. She was also demoted as administrative and finance assistant in August 2018 without explanation and with salary decrease to NGN 106 000.

She also reported some mismanagement of funds by the CD which were already summarized in the section 3.1. "Amount withdrawn from ADRA Bank account and sent to the Country Director".

During our discussion with the former HR manager, she confirmed that this situation was reported to her and her own investigation and analysis confirmed that the situation occurred. But it was difficult to raise the issue as the CD was the only one responsible for everything in the organization.

4 Overall Conclusions

The following findings/conclusions arise from our procedures:

4.1 Withdrawal of money for the Country Director without relevant document

The great influence of the Country Director on the staff and other bank signatories led to fraudulent withdrawals for the Country Director amounting NGN 2 774 000. The cheques were prepared with the name of a staff, subsequently transferred on the Country Director's bank account or withdrawn and send back by cash to the CD. In addition, acknowledgment letters were signed by the CD to confirm that he received the money.

Financial Loss: NGN 2 774 000

4.2 Suspicious payment to Northern Union Conference for car rental

According to the ToR, we reviewed among documentation available, transactions of ADRA Nigeria which may involve Northern Union Conference. We identified a cheque collected by Northern Union amounting NGN 2 328 000 for a hiring of 2 vehicles. However the documentation received about the transaction are about the vendor Sharuten Investment. This documentation include a contract between ADRA Nigeria and Sharuten for the same amount.

Financial loss: NGN 2 328 000

4.3 Other suspicious car rental expenses

A total amount of NGN 300 000 supposed to be paid to vendors for car rental have been paid by the Country Director himself against cash receipt of vendors. The cheques about these amounts were prepared with a staff name and paid to the Country Director who paid the vendor by cash.

Potential loss: NGN 300 000

4.4 Overpayment of vendor Bang Production with pre-signed cheque

ADRA Nigeria paid to vendor Bang Production 250 000 NGN instead of 159 600 NGN according to the invoices of the vendor. This situation led to an overpayment of 92 500 NGN. Bang Production was responsible for T-Shirt in connection with ADRA Nigeria activities.

Financial Loss: NGN 92 500

4.5 Payment of allowances & stipends to volunteers

Some volunteers employed on FAO project were paid for a period of 3 months, longer than the period in their employment contract (1 month: December 2018) received. This situation led to an overpayment of volunteers' stipends amounting 440 000 NGN.

Financial Loss: NGN 440 000

4.6 School fees for the Country Director for his PhD

The Country Director authorized a payment for himself for the purpose of school fees at Babcock University amounting to NGN 1 125 000 based on a minute of ADCOM meeting. However, the ADCOM is led and monitored by the CD himself. Furthermore, we did not receive the Board of ADRA Nigeria approval for this payment of school fees. Also, this amount includes NGN 750 000 for which no proof of payment to Babcock University have been obtained.

Financial Loss: NGN 1 125 000

4.7 Travel of Country Director in Jordan

During our review, we identified a travel expense for the CD from Lagos – Jordan – Lagos amounting NGN 399 178. The travel was supposed to be done for the annual meeting of ADRA. However we understood that the CD did not attend this meeting.

Financial Loss: NGN 399 178

4.8 Payment to staff without supporting documents

We noticed while reviewing the expenses processed via WFP bank account that several payments were done to staff without supporting documents. These transactions are amounting NGN 2 741 500.

Financial Loss: NGN 2 741 500

4.9 Transaction inadequately justified

The ineffective procurements practices and the poor environment of internal control led to transactions inadequately amounting NGN 68 669 824. This situation is explained by several facts such as lack of delivery notes, lack of beneficiaries list for cash supposed to be distributed in project areas, lack of order of mission, etc.

Potential Loss: NGN 68 669 824

4.10 Review of project beneficiaries

In connection with its activities, ADRA Nigeria distributes foods and agricultural products to the population of North of Nigeria where Boko Haram is very active. We received the beneficiaries list for 2 projects (GFO and FAO) about distribution of agricultural products and randomly selected 30 beneficiaries for confirmation purpose. However, 13 persons included in the register told us they did not receive anything from ADRA against only 3 persons who confirmed the delivery of the agricultural products. Among this total of 30 persons selected, 5 did not answer to our call and the phone numbers were not working for the remaining 9 person. As explained in the limitation to our engagement, we were not able to perform an on-site visit of beneficiaries.

Financial Loss: It's difficult to determine the total lost for the company due to the fact that the distribution report did not include the amount of products supposed to be delivered and the sample done which cannot cover all beneficiaries.

4.11 Review of the deductions applied on staff salaries

On August 2017, he CD requested staff to voluntarily contribute by 20% of salaries, for any one earning above 100 000 NGN to enable ADRA Nigeria meet some obligations. The contributions were collected by an accountant after the full pay of salaries and reported to the CD.

However, there was not a follow-up and report about the total amount collected per month and how the collected amount was used. We understood through our discussion with staff that the CD was using the collected amount as he wanted without providing justification. As an example, we identified during our review of selected withdrawals of 2018 on the personal bank statement of the project accountant that the CD withdrawn 272 000 NGN on the amount collected without evidence.

Financial Loss: It is not possible to determine the total loss for staff. But we understood that the Country was using the collected amount as he wanted instead of supporting administration costs of ADRA Nigeria as agreed with staff.

4.12 Analysis of personnel bank statements of a former accountant

During our procedures, we received a testimony dated August 27, 2019 from the former project accountant stating that his own bank account has been used to withdraw money from the project account. We understood that the money is transferred from ADRA bank account to his bank account, then transferred on the CD bank account or withdrawn and send by cash to the CD without evidences.

Below is a summary of findings arising from his comments on some withdrawals from his bank statements of 2017 and 2018:

- a. **Withdrawals for the CD:** from 2017 to 2018, around NGN 8 732 00 was withdrawn from his bank account for the CD without evidence about the use of this money. This amount includes NGN 3 000 000 about expenses for board meetings and NGN 272 000 used on the amount deducted from staff payroll as explained in the recommendation 3 below ;
- b. **Withdrawals for other staffs:** around NGN 3 800 000 was withdrawn for staff without evidences, mainly for Mr. Moses Taiwo (security officer) who seems to be close friend of the CD as per our interviews;
- c. **Withdrawals for vendors:** the withdrawals include some payments to vendor for NGN 3 600 000 on instruction of the CD without supporting document.

Potential Loss: NGN 12 532 000 as potential losses for the organization and NGN 3 600 000 as potential ineligible expenses due to the lack of supporting documents for the amounts transferred to vendors.

4.13 Review of internal control environment and Board responsibilities

As part of our investigation, we reviewed the internal control according to the procedures agreed in the LOE. We noticed that there is poor environment of control within ADRA Nigeria as emphasized in the "Detailed Recommendation" below.

This situation led to the significant fraud identified and can be explained by the non-involvement of the local Management and especially the non-involvement of the Board in the respect and the proper implementation of the policies of ADRA as required in the point 6.4.2 "Policy development and revision" of the "ADRA Africa Board Manual".

Furthermore, our review revealed that the Board failed to comply with several requirements emphasized in the rubric "Primary functions of the ADRA board" of the Board Manual. These requirements include the following functions:

- the periodic evaluation / performance review of the CD which could have permit to identify serious misconducts and other situation of frauds subject to this investigation;
- the monitoring of the appropriate implementation of ADRA operating policies, which could have permit to strengthen the environment of internal control and prevent several risks of fraud;
- the deepen review of the financial reports, which could have permit to identify some inconsistencies in the management of project funds, some ineligible expenses and issue on budget implementations;
- The oversight of staff treatment which could have permit to prevent demotion occurred and the deduction of 20% instructed by the CD without any report about the use of the amount collected.

Financial Loss: It is difficult to get the full amount of the lost. But the facts described above in relation with the non-compliance of the Board to the functions which are developed to it, contributed to a poor environment of internal control leading to several cases of misconducts and misappropriation of ADRA Nigeria funds.

4.14 Testimony from the former project accountant

Our review of the declarations done by the former project accountant about the finance staff training, the beginning of GFO project, issues with vendors, change of vendors, mismanagement of funds, closure of GFO project, etc. highlight several situation of misconduct and misappropriation of funds by the Country Director.

Financial Loss: It is not possible to determine the total lost for the organization. But we understood that several cases of misconduct and misappropriation of funds was done by the CD.

4.15 SEA and demotion of staff

On June 4, 2019, the Financial and administrative assistant reported a case of sexual abuse from the Country Director who was harassing her. She also explained that she was demoted by him with salary decrease without providing explanation, surely because she refused to give in to the CD's harassment.

During our discussion with the former HR manager, she confirmed that this situation was reported to her and her own investigation and analysis confirmed that the situation occurred. But it was difficult to raise the issue as the CD was the only one responsible for everything in the organization.

Financial Loss: Not applicable.

5 Recommendations

During our review of the Forensic Audit of ADRA Nigeria, we examined the internal control of the projects and other applicable administrative and accounting procedures.

Management is responsible for implementing and maintaining a reliable Internal Control System. The Management therefore is responsible to carry out the evaluation and appreciation of the benefits that can be expected from the structure, rules and internal control procedures in place, as well as the related costs.

The objectives of an Internal Control System are to provide management with a reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized sales or uses, transactions are executed in accordance with the authorization of the management and are properly recorded so as to allow the preparation of Financial Statements in accordance with applicable accounting principles. Because of inherent limitations in any internal control system, errors or irregularities may occur and may not be detected. Thus, any projection of evaluation of the system to future periods is subject to the risk that procedures become inadequate because of changes in conditions/organization or that the effectiveness of the design and operation of policies and procedures deteriorate.

Our observations and recommendations are based on our procedures in the context of the Forensic Audit of ADRA Nigeria. Accordingly, this letter does not necessarily reflect all the deficiencies in your organization that may have been highlighted by a more specifically focused study and evaluation.




We hope that the suggestions and comments about the weaknesses will contribute in the ongoing process of change and improvement of the internal control system. We will be pleased to send further information you may require.

We would like to take the opportunity to express our appreciation for the cooperation of all staff within ADRA Nigeria that assisted us during the audit. We trust that this report is useful for your consideration and we would appreciate a discussion of this report with you at your earliest convenience.

This letter is intended solely for your information and may not be distributed to any other party without our written consent.

5.1 Rating of Recommendations

In order to provide to management an assessment of the adequacy and effectiveness of their internal control systems, we categorize our recommendations according to the following rating. This rating is indicative and can evolve depending on the perception of the Organization may have regarding the different points based on the experience and the knowledge of the organization.

Rating		Description
	High	Fundamental control weakness or significant operational issue that should be resolved by management as a priority.
	Medium	Control weakness or operational issue that should be resolved by management within a reasonable period of time.
	Low	Isolated cases of internal control weaknesses and/or non-compliance with internal control procedures in force.

5.2 Detailed recommendation

5.2.1 Lack of Timesheet and policy about shared costs allocation	Rating
	

Observations

ADRA Nigeria is responsible for the implementation of some projects with different budgets and different donors, which can be performed at the same time. This is the case in 2019 where projects about WFP and FAO are simultaneously implemented.

This situation leads to the existence of shared costs which must be allocated to the different budgets under ADRA Nigeria's responsibilities. As an example, some staff can work on different projects in a same period.


However, there is no policy established for management of shared costs allocation and ADRA Nigeria does not have timesheet to enable staff to properly record time spent per activity / project.

Risks/impacts

- Risk of wrong allocation of costs;
- Risk of an inadequate follow up of budget;
- Risk of ineligible expenses during donors' final assessments;
- Risk on ADRA's reputation and impacts on donors/funds mobilization.

Recommendations

- Develop a policy about the management of shared costs allocation. Share this new policy with staff for immediate use;
- Set up an automated Timesheet so that a follow up of staff time works can be done properly. Train the staff on the use of this Timesheet.

5.2.2 Need to develop and implement system/due diligences for AML (Anti-Money Laundering) / CFT (Combating the Financing of Terrorism)	Rating
	

Observations

ADRA Nigeria is operating in the North of Nigeria which is highly exposed to risk of terrorism and money laundering. This is the main area where Boko Haram jihadist group is very active. Regular terrorist attacks and other criminal instances occurred in Northern Nigeria in recent years, and the authorities in the country remain on high alert.

Nevertheless, ADRA Nigeria does not have a thorough system/due diligences for AML/CFT.

Risks/impacts

- Risk of direct/indirect financing of terrorism and implication in money laundering due to the lack of diligences about AML/CFT;
- Risk of going concern or risk on the continuity of the activities of ADRA Nigeria in case of direct/indirect financing of terrorism and implication in money laundering;
- Risk on ADRA's reputation and impacts on donors/funds mobilization.

Recommendations

- Perform a deep background check on all existing vendors/consultants/partners and systematically henceforth for any entity/individual who could enter into a relationship with ADRA Nigeria, before accepting any services from these vendors/consultants or delivering any services to partners.
- Properly document this background check.

5.2.3 Inadequate management of HR	Rating
	

Observations

Our review of ADRA Nigeria's HR management revealed several weaknesses in terms of HR management:

- Lack of performance appraisals process in ADRA Nigeria: ADRA Nigeria did not perform performance appraisals for its staff
- Inconsistencies in the management of leaves (lack of schedule for staff leave, lack of proper follow up of departures for leaves, lack of accrual of leaves, etc.);
- Need of improvement in terms of HR management (transparent recruitment process which should be compliant with the policies of ADRA, HR files and data monitoring, salaries management, etc.);
- Manual management of salaries through Excel sheet. There is not an automated system for the management of payroll which should strengthen the accuracy and the completeness of salaries;
- Lack of health and accident insurance: ADRA Nigeria is operating in an area highly risked due to the regular insurgences of terrorist sect Boko Haram. In such situation, it appears as a priority, to have insurance policy for staff which can cover their needs in terms of health and securities / accident. It seems compulsory for us that ADRA Nigeria must subscribe to these insurances by the fact it is disclosed in the contracts of staff (Article 2.5) as an obligation for the organization.
- Contribution of 20% salaries: according to the minute of staff meeting led by the CD and held on August 2, 2017, the CD requested staff to voluntary contribute by 20% of salaries, for any one earning above NGN 100 000 to enable ADRA Nigeria meet some obligations. The contributions were collected by an accountant after the full pay of salaries and reported to the CD. However, there was not a follow-up and report about the total amount collected per month and how the collected amount was used. We understood through our discussion with staff that the CD was using the collected amount as he wanted without providing justification.


Risks/impacts

- Lack of transparency in the management of HR which can lead to a demotivation of staff;
- Lack of transparency in the recruitment and risk of appointment of staff whose skills are not in adequation with the requirements of functions occupied;
- Risk of errors and fraud in the calculation of salaries due to manual management;
- Risk of dispute with personnel in case of contract termination or demotion of staff without any formal justification;
- Demotion occurred with salary decreased of the current financial and administrative assistant, without consistent explanations as explained above;
- Risk on the productivity of staff in case they do not benefit from their leaves or in case of serious disease not properly treated;
- Inefficiency in the management of personnel;
- We identified during our review of selected withdrawals of 2018 on the personal bank statement of the former project accountant, that the CD withdrawn NGN 272 000 on the amount collected from the 20% of contribution without evidence;
- We identified that a total amount of NGN 440 000 have been paid to the volunteers without proper contract. The contract have been obtained for 1 month while the payment cover 3 months. Therefore, 2 months are not covered by contracts.

Recommendations

- Review the job description of the new HR Manager and ensure that it include specific topics on HR (recruitment, leave management, performance appraisals of staff etc.);
- Automate the management of HR and the processing of salaries;

- Subscribe to an insurance for health and securities / accident for all staff. Discuss with staff to identify their specific needs in terms of insurance and it into account as much possible in order to reinforce their well-being within ADRA Nigeria.

5.2.4 Poor procurement practices and inconsistencies in payment process of vendor	Rating
	

Observations

We identified significant departures for procurement practices starting from the quality of the Request for Proposal to the analysis of the proposals and contracts signed by the Organization. This situation could lead to ineligible expenses from the donors and also expose the organization to significant fiduciaries Losses.

The root cause of this deficiency is mainly related to the non-compliance to the procurement policies of ADRA Nigeria. Also, there is not procurement staff. Below, is a sample of inconsistencies noticed while reviewing procurement documentation about transactions selected:

- The authorization chart for procurement in the procurement policy is not followed carefully by ADRA Nigeria;
- Lack of good delivery note for the purchases of goods which could justify the reception of goods supposed to be purchased;
- Lack of authorized list of vendors per types of goods / services which should be renewed periodically;
- Lack of procurement plan;
- Cash receipts are generally attached as supporting documents for transactions;
- Lack of supporting document for several expenses or ;
- For vendor payment, ADRA Nigeria mostly use the personal bank accounts of staff instead of the bank accounts of vendors;
- The requisition forms prepared do not include some essential information such as the reference for follow up purpose, the project code or project name, the budget line, the currency, etc.

Risks/impacts

- Transactions amounting NGN 68 669 824 without proper supporting documents, so ineligible for the activities of ADRA Nigeria;
- Failure to comply with ADRA Nigeria policies;
- Risk of wrong/fraudulent purchases;
- Inefficient or ineffective follow-up of the budget per project;
- Risk of overrun in budget implementation: we identified while reviewing the follow up of budget performed by the organization about the project "Food Assistance to victims of Boko Haram insurgency in Adamawa and Borno States, North East Nigeria" as at March 2017, a budget overrun of NGN 5,1 million on the line "Food Basket" without explanation;

Line Item Description	Unit	Quantity	Budget (NGN)		Actual Expenses (NGN)		Difference (NGN)	
			Unit Value	Amount	Unit Value	Amount	Unit Value	Amount
Food Basket	1/HH	500	50 900	25 450 000	61 100	30 550 000	10 200	5 100 000

-
- Risk of errors in the financial report;
- Risk of inadequacy between purchases and needs;

- High risk of fraud: NGN 2 774 000 was withdrawn by the CD without evidence and NGN 9 891 500 was paid to staff without supporting documents.

Recommendations

- To strengthen the controls of requisition forms, the condition of getting two clearances on a RF to be valid must be compulsory.
- The requisition forms must be reviewed in order to address the inconsistencies (include reference, project code or project name, budget line, currency, etc.);
- The Budget Holder should always be different from the Supervisor;
- Prepare a procurement plan to be shared with Board and ADRA Germany for approval. Report monthly the implementation of this procurement plan and budget implementation, and submit any overrun to Board Approval before authorizing the expense;
- Review periodically (monthly) the procurement and raise the inconsistencies regarding the requirements of ADRA Procurement Policy and monitor the implementation of the recommendation;
- For any transaction, ensure that all the documentation have been collected (purchase requisition, invoice, delivery note, contract, etc.);
- Apply the policy of ADRA about the payment of vendor and banish the use of personal bank account of staff in the management of ADRA activities;
- Filled correctly the different forms mainly the purchase requisition, in order to include all the information requested in the form.

5.2.5 Need of improvement in asset management	Rating
	

Observations

We identified during our assessment of internal control, the following weaknesses in terms of asset management:

- The physical observation of assets are not performed systematically on site and at Abuja's office as well. There is no minute of asset observation prepared for the observations done sometimes on site.
- The assets of the office at Abuja are not labelled;
- The asset register does not include some needful information about assets such as the unit price, donor & project, date of purchase, etc.;
- Lack of insurance for asset as requested by the ADRA policy.

Risks/impacts

- Failure to comply with the requirements of the financial policies;
- Lack of appropriate update of assets register to be sent to donors and to be included in the financial reports ;
- Risk of misappropriation of assets;
- Risk that misappropriation of assets may not be identified and investigated on time;
- Risk of inaccurate identification and/or follow up of the assets;
- Risk of error during physical observation of assets.

Recommendations

- Designate a person responsible for organizing periodic physical observation of assets and updating the assets register. The minute of asset observation will be signed by the participants to the physical observation and Finance Manager;
- Label properly all existing assets and include donor and project concerned in the code;
- Include in the asset register, the location and the unit price of each asset;
- Update the assets register accordingly.

5.2.6 Segregation of duties	Rating
	

Observations

In connection with our engagement, we performed several interviews with staff currently working for ADRA Nigeria and former staff who was working at ADRA in a period covered by the investigation as it is disclosed in the appendices below. We understood that the Country Director is the main responsible for everything in the office.

He held sometimes the cheque-books, he is leading the Admin Committee (ADCOM) which is responsible for the management and monitoring of administration activities. We understood that he is the only who set up agendas of these meetings and ADCOM members seem obliged to align.

Risks/impacts

- Potential fraud of NGN 533 400 on transactions about pre-signed cheques on May 2019;
- Risk of undetected Conflict of Interests which can lead to small occupational frauds;
- Failure to comply with the main rules about the internal control;
- Risk on the appropriate implementation of budget in case of approval of wrong costs due to the fact that there is not an environment of double checking;
- High risk of fraud: During our review we noticed that the CD authorized a payment for himself for the purpose of school fees at Babcock University amounting to NGN 1 125 000. However, we did not receive the Board of ADRA Nigeria approval for this payment of school fees. The decision was taken by the ADCOM, led by the CD.

Recommendations

The Segregation of Duties is a key point of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal controls. It permits to reduce several risks including risk of fraud.

ADRA Nigeria should apply this fundamental rules as much possible and make sure that the person who prepare an information is different from the person who review it and both are different from the person who approved. The organization must reinforce policies in order to make sure that an individual is not able to influence the whole system as it is currently with the CD.

5.2.7 Need to improve the follow up of projects expenses

Rating



Observations

Our review of ADRA Nigeria activities highlighted that there is not a formal follow up of the expenses incurred. We identified for example a lack of breakdown of expenses per project and the lack of budget follow up per project;

Also, the financial policy request a reconciliation between projects charges. In fact, the reconciliation must be done in order to identify for example transactions of a project paid with fund of other project. It permits to properly follow up the expenses involving different projects and to appropriately record these kind of transactions.

Risks/impacts

- Failure to comply with the financial policies of ADRA Nigeria;
- Risk of wrong allocation of costs and wrong follow up in budget implementation of projects in case of undetected expenses covered/paid by a project for another;
- An expense of NGN 280 000 about GFO was paid wit FAO fund, but was not properly reported;
- Risk of overrun in budget implementation due to a lack of budget follow up: we identified while reviewing the follow up of budget performed by the organization about the project "Food Assistance to victims of Boko Haram insurgency in Adamawa and Borno States, North East Nigeria" as at March 2017, a budget overrun of NGN 5,1 million on the line "Food Basket" without explanation;

Line Item Description	Unit	Quantity	Budget (NGN)		Actual Expenses (NGN)		Difference (NGN)	
			Unit Value	Amount	Unit Value	Amount	Unit Value	Amount
Food Basket	1/HH	500	50 900	25 450 000	61 100	30 550 000	10 200	5 100 000

Recommendations

- Proceed monthly to the reconciliation of project expenses and make sure that the transactions were properly recorded;
- Perform periodical follow up of budget and explain any deviation identified: the organization should reinforce the policy of expenses approval in order to submit for Board approval as soon as possible any case of deviation on a budget.

5.2.8 Need of improvement in terms of data back up	Rating
	

Observations

In connection with its activities, ADRA Nigeria staff receive, share, process several data which and are supposed to be archived by the office. These data include some confidential information and financial data which are essential for the management of the office and the follow up of activities implemented.

However, we noticed that there is no process for periodical back up of ADRA Nigeria data. This situation increases the risk of data losses.

Risks/impacts

- Risk of data loss;
- Unavailability of several documentation for the investigation such as the breakdown of expenses per project;
- Lack of breakdown for the total expenses included in the ToRs:
 - ✓ 2013: \$117,289.51
 - ✓ 2014: \$30,000.35
 - ✓ 2015: \$362,322.36
 - ✓ 2016: \$779,000.00
 - ✓ 2017: \$1,490,000.00
 - ✓ 2018: \$2,532,189.48
- We received from ADRA Germany, a breakdown of expenses amounting Euros 1 280 405,31 about a GFO project, but we did not received locally neither a similar breakdown nor supporting documents;
- Difficulty to justify some financial data;
- Risk of reputation for ADRA in case of significant data loss.

Recommendations

- With assistance of ADRA Germany, develop a policy for data back up in ADRA Nigeria;
- ADRA Nigeria must sensitize staff about the risks due to the lack of process for saving/archiving data and create a SharePoint for the office if possible;
- In order to enhance the security of data/documents saved of the office, staff must exclusively use the SharePoint to be developed;
- The alternative solution before the implementation of such system, should be to save systematically the data on external hard drive per department.

5.2.9 Significant deficiencies in the management of cash and bank accounts	Rating
	

Observations

There are several deviations in the management of cash and bank accounts of ADRA Nigeria. We summarized below, the main issues identified during our review:

- Lack of bank reconciliations: the financial policy require the establishment of bank reconciliations each month to be prepared by Chief Accountant and reviewed / approved by FD.
- Lack of physical count of petty cash and reconciliation with accounting data;
- Lack of spot check of petty cash;
- Need of improvement in petty cash management: prepare daily report, perform reconciliation with accounting, replenishment the petty cash when 20% of the ceiling/limit is reached, physical count intermittently as requested by the financial policy;
- Bad practice of pre-signing cheques on the initiative of the Country Director;
- Delay in the process of closure for some banks accounts which are no longer used by ADRA Nigeria;
- Existence of signatories on bank accounts who are not still working in ADRA: Below is the summary

Bank account Number	Bank	Project	Authorized Signatories no longer working at ADRA Nigeria
0069212317	Access Bank	WFP	Ayodele Asah and Aigiomawu
0093621703	Access Bank	GFO	Akingbade Oladapo, Gbenga Ayeni, Dangana Leah, Olalekan Moses.
0093572018	Access Bank	FAO	Olalekan Moses
0092689292	Access Bank		Nosakhare Aigiomawu
0069226257	Access Bank		Nosakhare Aigiomawu
0092716075	Access Bank		Nosakhare Aigiomawu
0069219464	Access Bank		Nosakhare Aigiomawu
1015380871	ZENITH BANK		Gbenga Ayeni

Also, for the purpose of its activities, ADRA Nigeria incur expenses for projects implementation and expenses for administration needs as well. The donor's agreement require that each project must get its own bank account. In addition to this, the project costs must be managed separately from the administration Costs. However, our review highlighted that ADRA Nigeria is using the same bank accounts for project expenses and administration expenses.

Risks/impacts

- Significant risk of fraud;
- Failure to comply with the financial policy;
- Significant risk of misappropriation of the organization's funds;

- Potential fraud of NGN 533 400 on the selected transactions about the pre-signed cheques in May 2019;
- Failure to comply with donor's requirements and best practices in terms of management of projects funds;
- Risk of wrong allocation of costs and wrong follow up in budget implementation of projects in case of confusion between project expenses and admin expenses and in case non-distinction between expenses from different project;
- Risk of reputation and donor's trust.

Recommendations

- Prepare monthly bank reconciliations for each bank account of the organization, according to the approval process of the financial policy;
- Prepare petty cash inventory which must be documented through a minute signed by the participant. Also, perform some spot control on petty cash and always reconcile it with the accounting record;
- The fact to pre sign cheque must be forbidden. ADRA Nigeria must develop a policy about the management of cheque-books and cheques in accordance with the SOD principles.
- Identify the bank account supposed to be closed and initiate procedures for their closure. Make sure to receive the confirmation of closure from the bank;
- Review the list of authorized signatories, remove all the staff who are no longer working for ADRA, and update the list after approval of ADRA Germany;
- Ensure that the organization has created a separate bank account for each project and the payments of admin expenses are managed separately from the project expenses.

	Rating
5.2.10 Need of improvement in the office management	

Observations

The staff of ADRA is currently working with their personal e-mail address. They receive and process some confidential information / data and interact with the organization partners via these personal e-mail addresses.

Also, we noticed that there is a poor environment of internal control within the organization. There are several gaps between the practices of staff and the policies disclosed in the organization's manual. This situation is mainly due to the fact that the staff are not aware of the internal policies of ADRA applicable to the management of the office and the management of activities.

For the purpose of its activities, ADRA Nigeria appointed some volunteers and pay them some stipends. However, we noticed that there are generally a huge delay for the payment of stipends. This situation obliged volunteer to prepay for their expenses. We identified during our review a case that a stipend of December 2018 was paid in May 2019.


Furthermore, since August 2017, ADRA Nigeria sent a request for tax exemption to the tax administration without any feedback up to date.

Risks/impacts

- Unfamiliarity with administrative, accounting and financial policies may lead to delays and / or conflicts between professionals;
- Risk of segregation of duties;
- Risk of hacking and data loss due to the use of personal e-mail address, not protected;
- Risk of demotivation of volunteers and risk of dispute with ADRA Nigeria due to huge delay in the payment of their stipends: ;
- Risk of fines / penalties in case of tax control.

Recommendations

- Share the final Manual with the personnel, and refer to it for all operations;
- Carry out the proper application of this manual;
- Develop professional e-mail address for each staff and enforce the use of these new addresses by the staff;
- The local management must avoid delays in the payment of stipends in order to prevent litigations and fines;
- Send a revival to tax administration about their feedback on the letter sent in August 2017.

5.2.11 Need to strengthen the capacities of accounting staff	Rating
	

Observations

ADRA Nigeria needs to continuously offer for staff training on procurement, Finance and Logistics to empower staff, and to avoid inefficiency.

Furthermore, ADRA Nigeria is implementing a new accounting system SUNPLUS. This new system should improve the treatment of accounting data and automate several tasks. We understood that the rollout was done during the last quarter of 2018. The data from former accounting system were supposed to be transferred in SUNPLUS.


However, there was not a review or audit of the appropriate transfer of data from the former accounting system to SUNPLUS. We also noticed that local accounting staff do not yet have the skills to make full use of this system. Moreover, we understood during our review that the license of SUNPLUS expired for ADRA Nigeria. Therefore it was impossible for us to access to accounting entries and financial data.

Risks/impacts

- Lack of some skills for the personnel;
- Risk of not granting enough time to rollout project;
- Slowness in the processing of financial data;
- Risk of data loss during the transfer of data from the former system QuickBooks to SUNPLUS.

Recommendations

- Grant necessary budget and time to an appropriate rollout process of SUNPLUS (initial background and skill assessment of local staff to ensure they may suit for the contemplated expanded role, trainings, close field coaching, extended remote coaching, etc.).
- Upon complete rollout, we would recommend that ADRA Germany Finance team works with and assess the acquired skills of local staff during a trimester before they become more autonomous;
- Identify the specifics needs of accounting staff and schedule trainings to address these needs.

5.2.12 Need to improve the management of finance & accounting and documents archiving	Rating
	

Observations

The review of ADRA Nigeria revealed several weaknesses concerning finance, accounting and archiving documentation:

- Lack of breakdown of expenses per project implemented;
- Lack of breakdown for work advances and advances granted to staff;
- Lack of follow up of budget implementation per project;
- Lack of supporting documents for several transactions;
- Lack of policy for archiving documentation especially for the case of projects closed;
- Lack of archive room within the office;

Risks/impacts

- Risk of error and fraud due to a poor management of accounting and finance;
- Risk of data loss due to lack of archive room and lack of policy about archiving documentation;
- Risk of ineligible expenses due to lack of archive: we identified ineligible expenses amounting NGN 68 669 824 due to lack of some documentations;
- Lack of breakdown for the total expenses included in the ToRs:
 - ✓ 2013: \$117,289.51
 - ✓ 2014: \$30,000.35
 - ✓ 2015: \$362,322.36
 - ✓ 2016: \$779,000.00
 - ✓ 2017: \$1,490,000.00
 - ✓ 2018: \$2,532,189.48
- We received from ADRA Germany, a breakdown of expenses amounting Euros 1 280 405,31 about a GFO project, but we did not received locally neither a similar breakdown nor supporting documents;
- Difficulty to justify some financial data.

Recommendations

ADRA Nigeria must restructure the finance and accounting department so that the issues highlighted above could be properly addressed. This restructuration must take into account the SOD principles.

Furthermore, the office must develop a policy for archiving documentation and dedicate a space for the archive of supporting documentation.

Restriction of distribution:

The matters raised in this document are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full commercial impact before they are implemented.

This document has been prepared solely for your use as directors and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

6 Appendices

DRAFT REPORT

7 Annexures

DRAFT REPORT



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