



MEMORANDUM

DATE: October 16, 2020

TO: USAID/Central Asia Regional Mission Director, Christopher Edwards

FROM: USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

SUBJECT: Financial Audit of the Enhancing Employability and Civic Engagement of Youth in the Kyrgyz Republic Managed by Kyrgyzstan Mountain Societies Development Support Programme, Cooperative Agreement AID-176-A-17-00002, January 1 to December 31, 2019 (5-176-21-001-R)

This memorandum transmits the final audit report on the Enhancing Employability and Civic Engagement of Youth in the Kyrgyz Republic managed by Kyrgyzstan Mountain Societies Development Support Programme (MSDSP). MSDSP contracted with the independent certified public accounting firm of Baker Tilly Bishkek LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. generally accepted government auditing standards (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. However, it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. The audit firm is responsible for the enclosed report and the conclusions in it. We do not express an opinion on MSDSP's fund accountability statements; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether MSDSP's fund accountability statements for the period audited was presented fairly, in all material respects; (2) evaluate MSDSP's internal controls; (3) determine whether MSDSP complied with award terms and applicable laws and regulations (including cost-sharing contributions); and (4) determine the status of prior year audit recommendations. To answer the audit objectives, the audit firm examined the program's fund accountability statements and supporting documentation;

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

evaluated the control environment; tested compliance with agreement terms and applicable laws and regulations; and reviewed the status of prior year audit recommendations. The audit covered the total revenues and costs of \$1,082,250 and \$1,001,880, respectively from January 1 to December 31, 2019.²

The audit firm concluded that the fund accountability statements presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. The audit firm also issued a management letter to MSDSP identifying two internal control matters. Further, the audit firm noted that actions were taken by the recipient to address the findings in the prior audit report and no similar deficiencies were identified in the current audit.

Regarding the review of the cost-sharing contributions, the audit firm reported that MSDSP contributed \$26,095 during the period audited. The audit firm did not report any questioned cost-sharing contributions.

The report does not include any recommendations.

The OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential")

Attachment: a/s

² The audit covered two fund accountability statements—for the periods January 1 - September 30, 2019 and October 1 - December 31, 2019.