



MEMORANDUM

DATE: April 16, 2018

TO: USAID/Ukraine Mission Director, Susan K. Fritz

FROM: Regional Inspector General/Frankfurt, James C. Charlifue /s/

SUBJECT: Fund Accountability Statement Audit of USAID Resources Managed by International Charitable Organization, East Europe Foundation, Under Multiple Awards in Ukraine, for the year ended December 31, 2016 (8-121-18-047-R)

This memorandum transmits the final audit report on International Charitable Organization, East Europe Foundation's incurred costs under the following awards:

Award Name (Type)	Award Number	Period	Subimplermenter
Responsible, Accountable, Democratic Assembly in Ukraine (Cooperative Agreement)	AID-121-A-14-00001	January 1, 2016-December 31, 2016	N/A
Leadership in Economic Governance Program (Cooperative Agreement)	AID-121-A-15-00001	January 1, 2016 to December 31, 2016	N/A
Transparency and Accountability in Public Administration and Services (Subaward Agreement)		January 1, 2016-December 31, 2016	International Charitable Organization; East Europe Foundation

International Charitable Organization, East Europe Foundation contracted with the independent certified public accounting firm Deloitte & Touche USC to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program and did not have a continuing education program that fully satisfies the standards' requirements. The audit firm says that Ukraine does not offer such a review program. With respect to the continuing education program, the audit firm says that they could not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the year ended December 31, 2016, was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the awards terms and applicable laws and regulations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$2,332,385 in expenditures for the year ended December 31, 2016.

The audit firm expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any significant deficiencies or material weaknesses in internal controls. The audit firm did not identify any material instances of noncompliance with the awards terms and applicable laws and regulations. Further, the audit firm issued a management letter.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff during the engagement.

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

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

² 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.

obtained from a person that is privileged or confidential").

Enclosed: a/s