



Office of Inspector General

MEMORANDUM

DATE: July 17, 2019

TO: USAID/Bosnia and Herzegovina Mission Director, Peter Duffy

FROM: USAID OIG Middle East and Eastern Europe (ME/EE), Cairo Suboffice, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Audit of USAID Bosnia and Herzegovina Local Currency Trust Fund Accounts, Bosnian Reconstruction Finance Facility Program, Grant Agreement I68L-601, and Municipal Infrastructure and Services Program, Grant Agreement I68L-602, June 1, 2013, to May 31, 2015 (8-I68-19-046-N)

This memorandum transmits the final report of the audit of USAID Bosnia and Herzegovina Local Currency Trust Fund Accounts, Bosnian Reconstruction Finance Facility Program, grant agreement I68L-601, and Municipal Infrastructure and Services Program, grant agreement I68L-602, June 1, 2013, to May 31, 2015. USAID Bosnia and Herzegovina contracted with the independent certified public accounting firm KPMG, B-H d.o.o. Sarajevo to conduct the audit. USAID Bosnia and Herzegovina required the audit firm to perform the audit in accordance with the International Auditing Standards.

The audit firm states that it performed its audit in accordance with International Auditing Standards.

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 USAID Bosnia and Herzegovina Local Currency Trust Fund Accounts; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (I) express an opinion on whether USAID Bosnia and Herzegovina Local Currency Trust Fund Accounts for the period audited was presented fairly,

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.

in all material respects; (2) KPMG considered USAID Bosnia and Herzegovina internal control system and compliance over the trust fund accounts relevant to the trust fund agreements, implementation letters, USAID Automated Directive System (ADS 627), and Mission Order 1212. To answer the audit objectives, KPMG performed the subject financial audit that covered \$11,913,262 of inflows, and \$17,033,631 of out flows, for the period from June 1, 2013, to May 31, 2015.

The auditors expressed an unmodified opinion on USAID Bosnia and Herzegovina Local Currency Trust Fund Accounts, and did not identify any questioned costs. The auditors said that USAID Bosnia and Herzegovina complied with the financial reporting provisions of the grant agreements including its related amendments, ADS 627, and Mission Order 1212. KPMG did not report on the internal control over the trust fund accounts. Further, the audit firm issued a management letter.

During our desk review, we noted issue which the audit firm will need to address in future audit reports. We presented this issue in a letter to the controller dated July x, 2019.

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

Enclosed: a/s