



MEMORANDUM

DATE: April 16, 2018

TO: USAID/Albania Country Representative, Catherine Johnson

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

SUBJECT: Fund Accountability Statement Audit of USAID Resources Managed by Assist Impact Albania, Building Human and Institutional Capacity Project in Albania, Agreement AID-182-A-12-00001, for the Year Ended December 31, 2015 (8-182-18-049-R)

This memorandum transmits the final report on the fund accountability statement audit of USAID resources managed by Assist Impact Albania, Building Human and Institutional Capacity Project in Albania, Agreement AID-182-A-12-00001, for the year ended December 31, 2015. The auditee contracted with the independent certified public accounting firm of Baker Tilly Albania to conduct the audit. The audit firm stated that the contract required it 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 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 Albania 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

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

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, 2015, was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$ 1,018,330 in expenditures for the year ended December 31, 2015.

The audit firm expressed an unmodified opinion on the fund accountability statement and identified \$8 of ineligible 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 award terms and applicable laws and regulations. Further, the audit firm issued a management letter.

The auditor confirmed that Assist Impact Albania has reimbursed the ineligible questioned costs to USAID.

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

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.