



MEMORANDUM

DATE: July 12, 2021

TO: USAID/Ukraine and Belarus Mission Director, James Hope

FROM: USAID/OIG Middle East and Eastern Europe (ME/EE) Regional Office, USDH
NFA Coordinator, John Vernon /s/

SUBJECT: Audit of the Fund Accountability Statement of Association of Ukrainian Cities, Policy for Ukraine Local Self-Governance Program, Cooperative Agreement AID-121-A-16-00001, January 1 to December 31, 2020 (8-121-21-026-R)

This memorandum transmits the final audit report on the fund accountability statement of Association of Ukrainian Cities, Policy for Ukraine Local Self-Governance program, cooperative agreement AID-121-A-16-00001, from January 1 to December 31, 2020. The auditee contracted with the independent certified public accounting firm RSM Ukraine to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government auditing standards. However, it did not have an external quality control review program because Ukraine does not offer such a program. The audit firm did not have a continuing education program that fully satisfies the requirements set forth in GAGAS. The audit firm is responsible for the enclosed 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 controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited 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 audit firm performed the subject financial audit that covered \$1,188,595, from January 1 to December 31, 2020.

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.

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 material internal control weaknesses or any material instances of noncompliance with the agreement's terms, conditions and applicable laws and regulations. The audit firm issued a management letter.

The report does not contain any recommendations for your action.

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").