



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 23, 2023

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

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, David Clark /s/

SUBJECT: Audit of the Schedule of Expenditures of All-Ukrainian Public Organization "Civil Network OPORA", Domestic Oversight of Political Processes in Ukraine Program, Cooperative Agreement AID-121-A-12-0004, January 1 to December 31, 2021 (8-121-23-018-R)

This memorandum transmits the final audit report on the schedule of expenditures of All-Ukrainian Public Organization "Civil Network OPORA", Domestic Oversight of Political Processes in Ukraine program, cooperative agreement AID-121-A-12-0004, from January 1 to December 31, 2021. The auditee contracted with the independent certified public accounting firm Emergex Outsourcing LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards. However, 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 said that Ukraine does not offer such a review program. 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 schedule of expenditures; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations¹.

The audit objectives were to: (1) express an opinion on whether the schedule of expenditures 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 auditors performed the subject financial audit that covered \$826,378 in USAID expenditures from January 1 to December 31, 2021.

¹We 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 concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. Note 9 to the schedule of expenditures of USAID awards mentioned that the auditee lost property in the amount of \$819 and that USAID was informed of this case. Since this amount did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Ukraine determine the allowability of the \$819 and recover any amounts determined to be unallowable. In addition, the audit firm issued a management letter.

During our desk review, we noted areas for improvement which the audit firm should address in future audit reports. We presented these areas for improvement in a memo to the controller, dated February 23, 2023.

The report does not include 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").