



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: December 14, 2021

TO: USAID/Kosovo Mission Director, Lisa Magno

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

SUBJECT: Audit of the Fund Accountability Statement of the Local Currency Trust Fund Managed by USAID/Kosovo, for Fiscal Years Ending September 30, 2019, and September 30, 2020 (8-167-22-005-N)

This memorandum transmits the final report on the audit of the fund accountability statement of the Local Currency Trust Fund (LCTF) managed by USAID/Kosovo, for fiscal years ending September 30, 2019, and September 30, 2020. USAID/Kosovo contracted with the independent certified public accounting firm Audit and Consulting Associates to conduct the audit. The audit firm stated that it performed its audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have an external quality control review program or a continuing education program that fully satisfies the standards' requirements. The audit firm explained that Kosovo does not offer such a review program. With respect to the continuing education program, the audit firm said that they could not satisfy the standards' requirements because they could not fully comply with the U.S. Government auditing related hours. 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 control; or its compliance with the awards, 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 USAID/Kosovo LCTF's internal controls; and (3) determine whether USAID/Kosovo complied with LCTF agreements' terms and applicable laws and

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.

regulations; including compliance with Automated Directive System 627 (ADS 627), and mission order 627. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$4,535,226 of expenditures for fiscal years 2019 and 2020.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material weaknesses in the internal control system. The auditors also did not identify any material instances of noncompliance with LCTF agreements' terms and applicable laws and regulations, including compliance with ADS 627 and mission order 627. Further, the audit firm issued a management letter.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented these issues in a letter to the controller dated December 14, 2021.

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").