



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 15, 2023

TO: USAID/Serbia Mission Director, Brooke Isham

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 Foundation Propulsion Fund, Media Initiatives and Partnerships Support Project in Serbia, Cooperative Agreement 72016919CA00002, January 1 to December 31, 2021 (8-169-23-015-R)

This memorandum transmits the final audit report on the schedule of expenditures of Foundation Propulsion Fund, Media Initiatives and Partnerships Support project in Serbia, cooperative agreement 72016919CA00002, from January 1 to December 31, 2021. The auditee contracted with the independent audit firm Crowe RS Advisory d.o.o. to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards and the USAID Financial Audit Guide for Foreign Organizations. However, it did not have an external quality control review program and a continuing education program that fully satisfies the standards' requirements. The audit firm explained that professional organizations in Serbia do not offer an external quality control 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 schedule of expenditures; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.¹

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 audit firm performed the subject financial audit that covered \$1,120,412 from January 1 to December 31, 2021.

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 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 did not identify any questioned costs, any material weaknesses in internal control, or any material instances of noncompliance with the award terms and applicable laws and regulations. In addition, the audit firm issued a management letter.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated February 15, 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").