



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

MEMORANDUM

DATE: October 26, 2023

TO: USAID/Serbia, Mission Director, Brooke Isham

FROM: Middle East and Eastern Europe Regional Office, Audit Director, Louis Duncan, Jr. /s/

SUBJECT: Audit of the Schedule of Expenditures of Digital Serbia Initiative, Venture an Idea Project in Serbia, Cooperative Agreement 72016921FA00001, January 1 to December 31, 2022 (8-169-24-002-R)

This memorandum transmits the final audit report on the schedule of expenditures of Digital Serbia Initiative, Venture an Idea Project in Serbia, cooperative agreement 72016921FA00001, from January 1 to December 31, 2022. 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 the audit in accordance with U.S. Generally Accepted Government Auditing Standards. 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 Serbian professional organizations do not offer such a review program. With respect to the continuing education program, the audit firm said that they could not fully obtain 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 mainly 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

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.

performed the subject financial audit that covered \$ 955,727 from January 1 to December 31, 2022.

The audit firm concluded that the schedule of expenditures of USAID award presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited 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 award's terms, conditions and applicable laws and regulations. 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. One of these areas was that the audit report included personally identifiable information. We presented these deficiencies in a memo to the controller dated October 26 ,2023.

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”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.