



Office of Inspector General

MEMORANDUM

DATE: April 24, 2019

TO: USAID/Bosnia and Herzegovina, Mission Director, Patrick Duffy

FROM: USAID OIG Middle East and Eastern Europe Regional Office (Frankfurt), USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Cost Representation Statement Audit of Finit Consulting d.o.o, Fiscal Sector Reform Activity in Bosnia and Herzegovina, Contract AID-168-C-14-00001, January 1, to December 31, 2017 (8-168-19-060-R)

This memorandum transmits the final report on the cost representation statement audit of Finit Consulting d.o.o. (Finit), Fiscal Sector Reform Activity in Bosnia and Herzegovina, Contract AID-168-C-14-00001, from January 1, to March 31, 2017. The Finit contracted with the independent certified public accounting firm, KPMG B-H d.o.o to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm stated that it performed its examination in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program, and did not have a continuing education program that fully satisfy the standards' requirements. The audit firm explained that Bosnia and Herzegovina does not offer such a review program. With respect to the continuing education program, the audit firm stated they could not satisfy the standards' requirements because 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 Finit's cost representation statement; the effectiveness of its internal control; or its compliance with the contract, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the cost representation statement for the period from January 1, to December 31, 2017, was fairly presented in all material respects; (2) evaluate Finit Consulting internal controls; (3) determine whether Finit complied with the contract terms and the applicable laws and regulations; and (4) determine if Finit took corrective actions to address prior audit recommendations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,219,926, for the period from January 1, to December 31, 2017.

The auditors expressed an unmodified opinion on the cost representation statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses, or any material instances of noncompliance with the contract terms conditions, and applicable laws and regulations.

The report does not contain any recommendations for your action.

We appreciate the assistance extended during the engagement.

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").

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.