



## MEMORANDUM

**DATE:** March 27, 2020

**TO:** USAID/Central Asia Regional Director, Christopher Edwards

**FROM:** USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

**SUBJECT:** Financial Audit of the HIV React Project in Central Asia Managed by Public Foundation “AIDS Foundation East-West in Kazakhstan,” Cooperative Agreement AID 176-A-14-00002, January 1 to December 31, 2018 (5-176-20-020-R)

This memorandum transmits the final audit report on the HIV React Project in Central Asia managed by Public Foundation “AIDS Foundation East-West in Kazakhstan” (AFEW). AFEW contracted with the independent certified public accounting firm of Gelman, Rosenberg & Freedman to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organizations. Gelman, Rosenberg & Freedman is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the recipient’s fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to: (1) express an opinion on whether AFEW’s fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate AFEW’s internal controls; (3) determine whether AFEW complied with agreement terms (including cost-sharing contributions) and applicable laws and regulations; and (4) determine whether AFEW had taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the recipient’s fund accountability statement and supporting documentation; evaluated the effectiveness of the design and operation of the recipient’s internal controls; tested compliance with agreement terms and applicable laws and regulations; and assessed the status of prior audit report recommendations. The audit firm noted that the agreement does not require cost-sharing contributions. The audit

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<sup>1</sup> 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.

covered project revenues and costs of \$782,862 and \$765,405, respectively, from January 1 to December 31, 2018.

Gelman, Rosenberg & Freedman concluded that the fund accountability statement presented fairly, in all material respects, costs incurred and reimbursed under the agreement for the period audited. The firm did not identify any questioned costs, significant deficiencies, or material weaknesses in internal control, and material instances of noncompliance. Finally, the audit firm reported that the one prior period recommendation was adequately addressed upon the issuance of the audit report. Gelman, Rosenberg & Freedman also issued a management letter to the recipient identifying an internal control matter that was likewise identified as an immaterial instance of noncompliance in the report on compliance.

During our desk review, we noted issues that the audit firm will need to address in future audit reports. We have presented these issues in a memorandum to the Controller dated March 27, 2020.

Given the above results of the audit, we are not making any recommendations for inclusion in USAID's Consolidated Audit Compliance Tracking System. 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").

Attachment: a/s