



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 23, 2022

**TO:** USAID/Moldova Mission Director, Scott Hocklander

**FROM:** USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Supervisory Auditor, John Vernon /s/

**SUBJECT:** Audit of the Schedule of Expenditures of National Association of ICT Companies, Development of Information and Communication Technology Excellence Center Project in Moldova, Cooperative Agreement AID-I 17-A-15-00002, January 1 to December 31, 2021 (8-I17-23-005-R)

This memorandum transmits the final audit report on National Association of Information and Communications Technology Companies, Development of Information and Communication Technology Excellence Center project in Moldova, Cooperative Agreement AID-I 17-A-15-00002, from January 1 to December 31, 2021. The auditee contracted with the independent audit firm Emergex Outsourcing LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States and the USAID Guidelines for Financial Audits Contracted by Foreign Recipients. However, it did not have an external quality control review program or a continuing professional education program that fully satisfies the standards' requirements. The audit firm explained that professional organizations in Ukraine do not offer such a review program. The audit firm is responsible for the enclosed auditor's 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 awards, laws, and regulations<sup>1</sup>.

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 awards terms and applicable laws and regulations. To answer the audit objectives, the auditors performed the

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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.

subject financial audit that covered \$2,212,550 in USAID expenditures from January 1 to December 31, 2021.

The audit firm expressed qualified opinion on the schedule of expenditures and identified ineligible questioned costs by \$10,352. The audit firm did not identify any material weaknesses in the internal control or any material instances of noncompliance with the awards terms and applicable laws and regulations. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/ Moldova determine the allowability of the \$10,352 in questioned costs and recover any amount determined to be unallowable. Further, the audit firm issued a management letter.

During our desk review, we noted several areas for improvement which the audit firm will need to address in future audit reports. We presented these issues in a memo to the mission controller, dated November 23, 2022.

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").