



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: December 28, 2022

TO: USAID/Bosnia and Herzegovina Mission Director, Courtney Chubb

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 Institute for Youth Development (KULT) Under Multiple Awards in Bosnia and Herzegovina, January 1 to December 31, 2021 (8-168-23-009-R)

This memorandum transmits the final audit report of the schedule of expenditures of KULT under the following awards:

Award Name (Type)	Award Number	Period	Sub-implementer
Marginalized Populations Support Activity (contract)	AID-168-I-15-00001	Jan. 1-Dec. 31, 2021	n/a
Human Rights Activity in BiH (contract) (contract)	72016820C00002	Jan. 1-Dec. 31, 2021	n/a
Localworks Capacity Development Activity (cooperative agreement)	72016820CA00004	Jan. 1-Dec. 31, 2021	n/a
Trust, Understanding, Responsibility for the Future (cooperative agreement)	AID-168-A-17-000005	Jan. 1-Dec. 31, 2021	KULT
#100DaysChallenge Project (closeout grant—non-USAID funded)	SBK80020GR0066	Jan. 1-Jul. 31, 2021	n/a

KULT contracted with the independent certified public accounting firm KPMG, BiH to conduct the audit. The audit firm stated that it performed its audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General

of the United States. 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 professional organizations in Bosnia and Herzegovina do not offer such a 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 statement of expenditures; the effectiveness of its internal control; or its compliance with the awards, 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 awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered USAID expenditures of \$2,099,446 for the period from January 1 to December 31, 2021. The report included personally identifiable information (PII) on pages 17 and 39.

The audit firm expressed an unmodified opinion on the schedule of expenditures and did not identify any questioned cost. The audit firm did not identify any material weaknesses in internal control. or any material instances of noncompliance.

During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented this area in a memo to the controller dated December 28, 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").

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.