



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: December 27, 2023

TO: USAID/Ukraine, Mission Director, James Hope

FROM: Middle East and Eastern Europe Regional Office, Acting Audit Director, Alicia T. Pegues

SUBJECT: Audit of the Schedule of Expenditures for Internews Ukraine, Under Multiple Awards in Ukraine, January 1 to December 31, 2022 (8-121-24-007-R)

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

| Award Name (Type) | Award Number | Period | Sub-implementer |
|---|----------------------|-----------------------|-------------------|
| RADA Next Generation (RANG) Activity (cooperative agreement) | 72012121CA00002 | Jan. 1-Dec. 31, 2022 | n/a |
| The Media Program in Ukraine (sub-grant agreement) | SG-R-UA1854-12 | Jan. 1-Dec. 31, 2022 | Internews Ukraine |
| Belarus Watch (sub-grant agreement) | SGR-IN-XY1911-FP-102 | Jan. 1-Jul. 31, 2022 | Internews Ukraine |
| Democratic Governance East Activity-Strong Media - Strong Society (sub-agreement) | KYV-024-G-018-2021 | Jan. 1-Oct. 12, 2022 | Internews Ukraine |
| Communications campaign on patient's rights awareness (grant agreement) | RG-2111-00794 | Feb. 1-Sept. 30, 2022 | N/A |
| HOVERLA: Safety of the Free Campaign (sub-agreement) | G-HOVERLA-011 | Jan. 1-Dec. 31, 2022 | Internews Ukraine |
| Mountain Breeze (sub-agreement) | NAT313 | Jan. 1-Feb. 28, 2022 | Internews Ukraine |
| Public Sector Capacity Building Program (sub-agreement) | AAI 1/02-21 | Jan. 1-Jan. 31, 2022 | Internews Ukraine |

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|---|------------------------|----------------------|-------------------|
| Ukraine Confidence Building Initiative III-donation of satellite phones (sub-agreement) | N/A | Apr. 8-Apr. 8, 2022 | Internews Ukraine |
| Ukraine Rapid Response Fund (state department subaward) | N/A | May. 17-Nov. 6, 2022 | Internews Ukraine |
| Grey Zone (state department award) | SUP30021GR3293 | Jan. 1-Nov. 6, 2022 | N/A |
| Assessing Risks of Draft Laws Through Expert Assessment According to the Methodology of the Internet Regulation Index (state department subaward) | N/A | Jan. 1-Jul. 31, 2022 | Internews Ukraine |
| Actualizing Privacy in the Digital Sphere in Ukraine (state department subaward) | N/A | Sep. 1-Dec. 31, 2022 | Internews Ukraine |
| Supporting Independent Journalists and Production Studios to Continue Their Vital Work of Providing Reliable Information to Ukrainian and International Audiences (state department subaward) | SGR-IN-UA22UFP-141-103 | Dec. 1-Dec. 31, 2022 | Internews Ukraine |

Internews Ukraine contracted with the independent audit firm Deloitte & Touche USC, Ukraine to conduct the audit. The audit firm stated it performed the audit in accordance with the U.S. Government Auditing Standards and USAID Financial Audit Guide. However, it did not have an external quality control review program. The audit firm explained that professional organizations in Ukraine do not offer such a quality control review program. 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 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

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.

subject financial audit that covered total expenditures of \$2,394,545. for the period from January 1 to December 31, 2022. Out of the \$2,394,545 total expenditures, \$2,083,752. pertained to USAID awards.

The audit firm concluded that the schedule of expenditures presented fairly, in all material respects, program revenues and costs incurred for the period audited. The audit firm identified \$778 of ineligible questioned costs and did not identify any material weaknesses in internal control or any material instances of noncompliance. 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/Ukraine determine the allowability of the \$778 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 an area for improvement which the audit firm will need to address in future audit reports. We presented this deficiency in a memo to the controller dated December 27, 2023.

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"). 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 oignotice_ndaa5274@usaid.gov.