



*Office of Inspector General*

**MEMORANDUM**

**DATE:** March 5, 2018

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division, Contract Audit Management Branch, Branch Chief, David A. McNeil

**FROM:** Acting Director of External Financial Audits, Abdoulaye Gueye /s/

**SUBJECT:** Audit of Western NIS Enterprise Fund for the Fiscal Year Ended September 30, 2017 (3-000-18-002-E)

This memorandum transmits the final audit report on the Western NIS Enterprise Fund for the fiscal year ended September 30, 2017. Western NIS Enterprise Fund contracted with the independent public accounting firm JSC KPMG Audit of Kyiv, Ukraine 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 states that it performed its audit in accordance with generally accepted government auditing standards except that it did not have an external quality control review as since no such program is offered by professional organizations in the Ukraine. JSC KPMG Audit is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Western NIS Enterprise Fund's financial 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 the Western NIS Enterprise Fund's financial statements for the period audited were presented fairly, in all material respects; (2) evaluate Western NIS Enterprise Fund's internal controls; and (3) determine whether Western NIS Enterprise Fund complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm subjected underlying accounting and other records used to prepare the financial statements to audit procedures applied in the audits of financial statements and reconciling such information directly to the financial statements themselves. Western NIS Enterprise Fund's audited expenditures were \$70,889,100 for the fiscal year ended September 30, 2017.

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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.

The audit firm concluded that the consolidated financial statements present fairly, in all material respects, the financial position of Western NIS Enterprise Fund as of September 30, 2017, and the results of its operations and cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. The audit firm also reported no material weaknesses in internal control over financial reporting and no instances of noncompliance or other matters that are to be reported under generally accepted government auditing standards. The audit firm did not identify any findings.

Based on our review of the report, we are not making any recommendations. 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").

If you have any questions related to this report, please contact Steve Shea, Assistant Director, at (202) 712-1386 or [sshea@usaid.gov](mailto:sshea@usaid.gov).