



Office of Inspector General

MEMORANDUM

DATE: July 30, 2019

TO: USAID/Moldova Acting Mission Director, Margot Ellis

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Audit of the Fund Accountability Statement of National Association of ICT Companies in Moldova, January 1 to December 31, 2017 (8-117-19-100-R)

This memorandum transmits the final audit report on National Association of ICT Companies in Moldova incurred costs under the following awards:

Award Name (Type)	Award Number	Period	Subimplementer
Development of Information and Communication Technology Excellence Center in Moldova (cooperative agreement)	AID-117-A-15-00002	August 24, 2015- August 23, 2018.	N/A
Increase the Number of Moldovan ICT Specialists (grant agreement)	G-FAA-001	May 16, 2016 - December 30, 2018	Chemonics Inc.
Creation of Library Robotics Clubs in Moldova (Sub-grant agreement)	02/GL/ATIC/FY17/SG/2016	July 05, 2016 - May 5, 2017	IREX Moldova

The auditee contracted with the independent certified public accounting firm Emergex Outsourcing LLC to conduct the audit.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except for not participating in an external quality control review program, and not having a continuing education program that fully satisfy the standards' requirements. The audit firm explained that Ukraine does not offer such a review program. With respect to the continuing education program, the audit firm says that they could not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours.

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 fund accountability statement; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; (3) determine whether the auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,359,053, for the period from January 1 to December 31, 2017.

The auditors expressed an unmodified opinion on the fund accountability statement and questioned the ineligible costs of \$288. The audit firm did not identify any material internal control weaknesses, or any material instances of noncompliance with the award terms, conditions and applicable laws and regulations. The audit firm identified cost share contribution shortfall of \$1,686. The audit firm also, issued a management letter.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented this issues in a letter to the controller dated July x, 2019.

Since the questioned costs did not meet OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that the USAID/Moldova determine the allowability of the \$288 in questioned costs, and the shortfall of \$1,686, and recover any amount determined to be unallowable.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff during the engagement.

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.

The 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").

Enclosed: a/s