



MEMORANDUM

DATE: June 27, 2019

TO: USAID/Kosovo Mission Director, Lisa Magno

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

SUBJECT: Financial Audit of the Local Currency Trust Fund Managed by USAID/Kosovo for Fiscal Years 2011 to 2014 (8-167-19-034-N)

This memorandum transmits the final audit report on financial audit of the Local Currency Trust Fund (LCTF) managed by USAID/Kosovo for fiscal years 2011 to 2014. USAID/Kosovo contracted with the independent certified public accounting firm Audit & Consulting Associates 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 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 is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on USAID/Kosovo's LCTF fund accountability statement; the effectiveness of its internal control; or its compliance with the agreement terms, laws, and regulations.¹

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 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 LCTF's internal controls; and (3) determine whether the LCTF complied with agreement terms and applicable laws, regulations, Trust Fund Agreement, and the Memorandum of Understanding. To answer the audit objectives, the audit firm verified the disbursements, bank reconciliations for LCTF accounts, examined budget allowances, commitments, and obligations. The financial audit covered \$13,227,808 of expenditures for fiscal years 2011 to 2014.

The audit firm concluded that the fund accountability statement was presented fairly, in all material respects, for the period audited. Further, the audit did not identify significant deficiencies nor material weaknesses in internal control and did not identify any instances of material noncompliance. In addition, the auditors submitted a management letter with the report.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated June 27, 2019.

The report does not contain any recommendations for your action.

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").