



Office of Inspector General

MEMORANDUM

DATE: August 19, 2019

TO: USAID/Georgia Mission Director, Peter Wiebler

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

SUBJECT: Audit of the Fund Accountability Statement of National Association of Local Authorities of Georgia, Under Institutionalization of Climate Change Adaptation and Mitigation in Georgia Region, Cooperative Agreement AID-114-A-12-00001, January 1 to August 31, 2014 (8-114-19-106-R)

This memorandum transmits the final audit report of the fund accountability statement of National Association of Local Authorities of Georgia, Institutionalization of Climate Change Adaptation and Mitigation in Georgia Region, cooperative agreement AID-114-A-12-00001, from January 1 to August 31, 2014. The auditee contracted with the independent certified public accounting firm AG International Consulting 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 Georgia 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; and (3) determine whether the auditee complied with the award

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.

terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$128,124, for the period from January 1 to August 31, 2014.

The auditors expressed an unmodified opinion on the fund accountability statement and questioned unsupported costs of \$178. The audit firm did not identify any material weaknesses in internal control, or any material instances of noncompliance with the agreement terms, conditions and applicable laws and regulations. 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/Georgia determine the allowability of the \$178 in questioned costs, and recover any amount determined to be unallowable. Further, the audit firm issued a management letter.

The report does not contain any recommendations for your action.

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

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