



## MEMORANDUM

**DATE:** October 22, 2019

**TO:** USAID/Bosnia and Herzegovina Mission Director, Nancy Eslick

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

**SUBJECT:** Fund Accountability Statement Audit of Association Institute for Youth Development KULT Under Multiple Awards in Bosnia and Herzegovina, for the Year Ended December 31, 2015 (8-168-20-010-R)

This memorandum transmits the final audit report on the fund accountability statement of Association Institute for Youth Development KULT under the following awards:

Award Name (Type)	Award Number	Period	Subimplementer
Marginalized Populations Support Activity (cooperative agreement)	AID-168-I-15-00001	February 19, 2015 - December 31, 2015	N/A
Establishment and Development of Sectoral Networks (sub-grant)	CSSP 5/14	July 1, 2014 - June 30, 2018	Association Institute for Youth Development KULT
Advocacy (sub-grant)	CSSP 17/14	October 1, 2014 - June 30, 2018	Association Institute for Youth Development KULT
Capacity Building and Sustainability (sub-grant)	CSSP 26/14	October 15, 2014 - June 30, 2018	Association Institute for Youth Development KULT
Brana Network (sub-grant)	CSSP 48/15	June 1, 2015 - February 29, 2016	Association Institute for Youth Development KULT
Strengthening Governing Institutions and Processes (sub-grant)	N/A	February 1, 2014 - November 30, 2016	Association Institute for Youth Development KULT

Orange Voices for Gender Equality (sub-grant)	N/A	June 24, 2015-December 24, 2016	Association Institute for Youth Development KULT
Youth Centre for Social Entrepreneurship (sub-grant)	N/A	June 11, 2014-December 11, 2015	Association Institute for Youth Development KULT

The auditee contracted with the independent certified public accounting firm Deloitte d.o.o. to conduct the audit. The audit firm states that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have external quality control review program and continuing education program that fully satisfies the standards' requirements. The audit firm explained that Bosnia and Herzegovina does not offer such a review program. With respect to the continuing education program, the audit firm states 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 awards, laws, and regulations.<sup>1</sup>

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 and obtain a sufficient understanding of the auditee's internal controls related to the agreements; and (3) determine whether the auditee complied, in all material respects, with the agreements terms, and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$515,393 for the year ended December 31, 2015.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material internal control weaknesses or any material instance of noncompliance.

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 October 22, 2019.

The report does not contain any recommendations for your action.

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

<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 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”).