



Office of Inspector General

MEMORANDUM

DATE: January 29, 2020

TO: USAID/Kosovo Mission Director, Lisa Magno

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

SUBJECT: Audit of the Fund Accountability Statement of Local Currency Trust Fund
Managed by USAID/Kosovo, for Fiscal Years 2017, and 2018 (8-167-20-010-N)

This memorandum transmits the final report on the audit of the fund accountability statement of Local Currency Trust Fund (LCTF) managed by USAID/Kosovo, for fiscal years 2017, and 2018. USAID/Kosovo contracted with the independent certified public accounting firm Audit and Consulting Associates to conduct the audit. The audit firm stated that it performed its audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have an external quality control review program and continuing education program that fully satisfies the standards' requirements. The audit firm explained that Kosovo does not offer such a review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the USAID/Kosovo's LCTF fund accountability statement; the effectiveness of its internal control; or its compliance with the agreement terms, laws, and regulations¹.

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 USAID/Kosovo LCTF's internal controls; and (3) determine whether the USAID/Kosovo complied with LCTF agreement terms and applicable laws and regulations; including compliance with the Automated Directive System 627 (ADS 627), and Mission Order 627. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$6,776,488 of expenditures for Fiscal Years 2017, and 2018.

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 auditors expressed an unmodified opinion on the fund accountability statement, and did not identify any questioned costs. The auditors did not identify any material weaknesses or significant deficiencies in the internal control. The auditors also did not identify any material instances of noncompliance with LCTF agreement terms and applicable laws and regulations; including compliance with ADS 627, and Mission Order 627. Further, the audit firm issued a management letter.

During our desk review, we noted minor issues which the audit firm will need to address in its future audit reports. We presented these issues in a letter to the controller dated January 29, 2020.

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”).