



Office of Inspector General

MEMORANDUM

DATE: February 27, 2020

TO: USAID/Kosovo Mission Director, Lisa Magno

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

SUBJECT: Audit of the Fund Accountability Statement of Community Development Fund, Advancing Kosovo Together-Local Solution Project, Cooperative Agreement AID-167-A-14-00008, for the Year Ended December 31, 2016 (8-167-20-044-R)

This memorandum transmits the final audit report on the fund accountability statement of Community Development Fund (CDF), Advancing Kosovo Together-Local Solution Project, Cooperative Agreement AID-167-A-14-00008, for the year ended December 31, 2016. The auditee contracted with the independent certified public accounting firm Deloitte Kosova sh.p.k. to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Generally Accepted Auditing Standards and 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. With respect to the continuing education program, the audit firm say that they don't meet the government audit Continuing Professional Education requirements. The audit firm is responsible for the enclosed 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 control; or its compliance with the award, 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 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 \$2,580,403 for the year ended December 31, 2016.

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 instances of noncompliance with the agreement terms, conditions and applicable laws and regulations.

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 controller dated February 27, 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").