



MEMORANDUM

DATE: February 19, 2020

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

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 Finit Consulting d.o.o., Fiscal Sector Reform Activity in Bosnia and Herzegovina, Contract AID-168-C-14-00001, January 1 to December 31, 2018 (8-168-20-041-R)

This memorandum transmits the final audit report on the fund accountability statement of Finit Consulting d.o.o., Fiscal Sector Reform Activity in Bosnia and Herzegovina, Contract AID-168-C-14-00001, from January 1 to December 31, 2018. The auditee contracted with the independent certified public accounting firm KPMG B-H d.o.o za reviziju to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States and Generally Accepted Auditing Standards. However, it did not have an external quality control review program or a 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 said 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 report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement; internal control effectiveness; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) Express an opinion on whether the auditee's incurred costs were allowable, reasonable, and applicable to the contract; (2) evaluate the auditee's internal controls, and (3) determine whether the auditee complied, in all material respects, with the contract terms and applicable laws and regulations related to USAID funded program. To

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.

answer the audit objectives, the audit firm performed the subject audit that covered \$968,129 for the period from January 1 to December 31, 2018.

The auditors expressed an unmodified opinion on the fund accountability statement and identified ineligible questioned costs of \$8,320. The auditors didn't identify any material internal control weaknesses or any material instance of noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Bosnia and Herzegovina determine the allowability of the \$8,320 in questioned costs and recover any amount determined to be unallowable. Further, the audit firm issued a management letter.

The report does not include 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").