



## MEMORANDUM

**DATE:** March 9, 2020

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

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

**SUBJECT:** Audit of Fund Accountability Statement of Association Institute for Youth Development KULT, Under Multiple Awards in Bosnia and Herzegovina, for the Year Ended December 31, 2016 (8-168-20-049-R)

This memorandum transmits the final audit report on Association Institute for Youth Development KULT incurred costs under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>	<b>Subimplementer</b>
Marginalized Population Support Activity (cooperative agreement)	AID-168-I-15-00001	February 19, 2015-May 31, 2017	N/A
Establishment and Development of Sectoral Networks (Civil Society Sustainability Project) (sub grant)	CSSP 5/14	July 1, 2014-June 30, 2018	Association Institute for Youth Development KULT
Advocacy (Civil Society Sustainability Project) (sub grant)	CSSP 17/14	October 1, 2014-June 30, 2018	Association Institute for Youth Development KULT

Capacity Building and Sustainability (Civil Society Sustainability Project) (sub grant)	CSSP 26/14	October 15, 2014- June 30, 2018	Association Institute for Youth Development KULT
Brana Network (Civil Society Sustainability Project) (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 Election Campaigns (sub grant)	N/A	March 25, 2016- September 25, 2017	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 stated that it performed its audit in accordance with the government auditing standards. However, it did not have an external quality control review program because 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 award, laws, and regulations.<sup>1</sup>

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the year ended December 31, 2016, was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; (3) determine whether the auditee complied with the award terms and applicable laws and regulations; and (4) determine if the recipient has taken corrective action on prior audit report recommendations. To answer the audit

<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.

objectives, the auditors performed the subject financial audit that covered \$953,804 in expenditures for the year ended December 31, 2016.

The audit firm expressed an unmodified opinion on fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material weakness in the internal control. The audit firm did not identify any material instances of noncompliance with the award terms and applicable laws and regulations. Further, the audit firm issued a management letter.

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 USAID controller, dated March 9, 2020.

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").