



## MEMORANDUM

**DATE:** May 13, 2020

**TO:** USAID/Central Asia Regional Director, Christopher Edwards

**FROM:** USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

**SUBJECT:** Financial Audit of the Civil Society Development Association in the Republic of Kazakhstan Under Multiple Awards, January 1 to December 31, 2018 (5-176-20-036-R)

This memorandum transmits the final audit report on the following multiple awards managed by the Civil Society Development Association in the Republic of Kazakhstan (ARGO):

Award Name	Award Number	Period	Award Type
Partnership for Innovations Program	AID-176-A-16-00001	January 1 - December 31, 2018	cooperative agreement
Civil Society Innovation Initiative Program	1139-18-04545	April 17 - December 31, 2018	Tides Center subagreement
Civil Society Innovation Initiative Program	1139-18-04703	October 10 - December 31, 2018	Tides Center subagreement

ARGO contracted with the independent certified public accounting firm of Baker Tilly Bishkek, LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and USAID Financial Audit Guide for Foreign Organizations. However, it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on ARGO's fund accountability statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.<sup>1</sup>

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<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 audit objectives were to (1) express an opinion on whether ARGO's fund accountability statements for the period audited were presented fairly, in all material respects; (2) evaluate ARGO's internal controls; (3) determine whether ARGO complied with agreement terms and applicable laws and regulations; and (4) determine whether ARGO had taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the fund accountability statements and its supporting documents; evaluated the internal control system and assessed all related risks; tested compliance with agreement terms and applicable laws and regulations; and assessed the status of prior audit report recommendations. The audit covered project revenues and costs of \$1,176,462 and \$1,278,780, respectively, from January 1 to December 31, 2018.

Baker Tilly Bishkek, LLC concluded that the fund accountability statements presented fairly, in all material respects, project revenues and costs incurred under the agreements for the period audited. The audit firm did not identify any questioned costs in the fund accountability statements, material weaknesses in internal control or material instances of noncompliance. Further, one of the five prior audit findings was not satisfactorily addressed.

During our desk review, we noted issues that the audit firm will need to address in future audit reports. We presented these issues and a suggestion in a memorandum to the mission's controller dated May 13, 2020.

Given the above results of the audit, we are not making any recommendations for inclusion in USAID's Consolidated Audit Compliance Tracking System. 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").

Attachment: a/s