



MEMORANDUM

DATE: September 2, 2020

TO: USAID/Ukraine and Belarus Regional Mission Director, James Hope

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

SUBJECT: Audit of the Fund Accountability Statement of All-Ukrainian Association of Local Governments "Association of Ukrainian Cities," Policy for Ukraine Local Self-Governance Program, Cooperative Agreement AID-121-A-16-0000I, January 1 to December 31, 2019 (8-121-20-072-R)

This memorandum transmits the final audit report on the fund accountability statement of All-Ukrainian Association of Local Governments "Association of Ukrainian Cities," Policy for Ukraine Local Self-Governance Program, cooperative agreement AID-121-A-16-0000I, January 1 to December 31, 2019. All-Ukrainian Association of Local Governments "Association of Ukrainian Cities" contracted with the independent certified public accounting firm RSM, Ukraine 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. However, it did not have an external quality control review program and did not have a continuing education program that fully satisfy the standards' requirements. The auditors stated that Ukraine 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 audit related hours. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on All-Ukrainian Association of Local Governments "Association of Ukrainian Cities" fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement was fairly presented, in all material respects; (2) evaluate the auditee's internal control related to the USAID-funded program; and (3) determine whether the auditee complied with the agreement's terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,517,608 for the period from January 1, 2019, to December 31, 2019.

The auditor expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with the agreement terms and applicable laws and regulations.

The report does not include any recommendations for your action.

We appreciate the assistance extended during the engagement.

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