



MEMORANDUM

DATE: November 9, 2020

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

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 All-Ukrainian Public Organization Civic Network OPORA, Domestic Oversight of Political Processes in Ukraine Program, Cooperative Agreement AID-121-A-12-00004, January 1 to December 31, 2019 (8-121-21-003-R)

This memorandum transmits the final audit report on the fund accountability statement of All-Ukrainian Public Organization Civic Network OPORA, Domestic Oversight of Political Processes in Ukraine Program, Cooperative Agreement AID-121-A-12-00004, from January 1, 2019 to December 31, 2019. The auditee contracted with the independent certified public accounting firm JSC KPMG Audit to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government auditing standards. However, it did not have an external quality control review or continuing education programs that fully satisfies the standards' requirements. The audit firm explained that Ukraine does not offer an external quality control review program. With regards to the continuing education program, the audit firm explained that its current continuing education program provides for at least 20 hours of continuing education and training every year, and at least 120 hours every three years, but does not specifically address the required government environment. 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 controls; or its compliance with the award, laws, and regulations.¹

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 \$2,172,678, from January 1, 2019 to December 31, 2019.

The audit firm expressed an unmodified opinion on the fund accountability statement and concluded that it presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The auditors identified \$13,586 in total questioned costs (\$785 ineligible and \$12,801 unsupported). The audit firm did not identify any material internal control weaknesses or any material instances of noncompliance with terms of the cooperative agreement or applicable laws and regulations. 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/Ukraine and Belarus determine the allowability of the \$13,586 in questioned costs and recover any amount determined to be unallowable. 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 the controller, dated November 9, 2020.

The report does not contain any recommendations for your action.

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").