



MEMORANDUM

DATE: January 26, 2021

TO: USAID/Georgia Mission Director, Peter A. Wiebler

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 NNLE CENN-Caucasus Environmental NGO Network, Waste Management Technology in Regions, Phase II Project in Georgia, Cooperative Agreement AID-114-A-17-00002, January 1 to December 31, 2019 (8-114-21-017-R)

This memorandum transmits the final audit report on the fund accountability statement of NNLE CENN-Caucasus Environmental NGO Network, Waste Management Technology in Regions, Phase II Project in Georgia, Cooperative Agreement AID-114-A-17-00002, January 1 to December 31, 2019. The auditee contracted with the independent certified public accounting firm AG International Consulting to conduct the audit. The audit firm stated that it performed its audit in accordance with 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 a continuing education program that fully satisfies the standards' requirements. The audit firm explained that Georgia 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. 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.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 terms

¹We 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.

and applicable laws and regulations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$1,659,963, from January 1 to December 31, 2019.

The audit firm expressed a qualified opinion on the fund accountability statement and questioned ineligible indirect costs of \$74,155 resulting from the difference between the provisional and the actual indirect cost rates. The audit firm did not identify any material weaknesses in the internal control or 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 minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the mission controller, dated January 26, 2021.

To address the issues identified in the report, we recommend that, USAID/Georgia do the following:

Recommendation 1: Determine the allowability and collect as appropriate \$74,155 in ineligible questioned costs, as disclosed on page 16 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").