



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 13, 2024 (Reissued)

TO: USAID/Serbia, Mission Director, Brooke Isham

FROM: Middle East and Eastern Europe Regional Office, Audit Director, Louis Duncan, Jr. /s/

SUBJECT: Audit of the Schedule of Expenditures of PartnersGlobal, Civil Society Resilience Strengthening Activities in Serbia, Cooperative Agreement 72016922CA00003, February 1, 2022, to February 28, 2023 (8-169-24-018-R)

The only reason the report is being reissued is to correct the report number which had already been used.

This memorandum transmits the final audit report of the Schedule of Expenditures of PartnersGlobal, Civil Society Resilience Strengthening Activities in Serbia, cooperative agreement 72016922CA00003, from February 1, 2022, to February 28, 2023. PartnersGlobal contracted with the independent audit firm RSM Serbia to conduct the audit. The audit firm stated that it performed its audit in accordance with the standards established by the International Auditing and Assurance Standards Board, and the related International Auditing Standards, applied in conjunction with U.S. Generally Accepted Government Auditing Standards. 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 statement of expenditures, the effectiveness of its internal control, or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the schedule of expenditures 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 and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered total expenditures of \$1,423,273 for the period from February 1, 2022, to February 28, 2023.

The audit firm concluded that except for the effect of the material questioned costs of \$34,805 (\$34,368 ineligible and \$437 unsupported), the schedule of expenditures presented fairly, in all

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.

material respects, program revenues and costs incurred for the period audited. Also, the audit firm identified six material internal control weaknesses pertaining to designing and implementing control processes related to activity costs. The audit firm did not identify any material instances of noncompliance. Further, the audit firm issued a management letter.

During our desk review, we noted several areas for improvement which the audit firm will need to address in future audit reports. We presented these deficiencies in a memo to the controller dated August 13, 2024.

To address the issues identified in the report, we recommend that USAID/Serbia:

Recommendation 1. Determine the allowability of the questioned costs of \$34,805 (\$34,368 ineligible and \$437 unsupported), on pages 10-12 of the audit report and recover any amount that is unallowable.

Recommendation 2. Correct the six material weaknesses in internal control disclosed on page 17 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oinotice_ndaa5274@usaid.gov.