



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 30, 2024

TO: USAID/Ukraine, Mission Director, Julie Koenen

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

SUBJECT: Audit of the Schedule of Expenditures of Ednannia (Joining Forces) - Initiative Center to Support Social Action, Ukraine Civil Society Sectoral Support Activity Program, Cooperative Agreement 72012119CA00003, January 1 to December 31, 2023 (8-121-25-003-R)

This memorandum transmits the final audit report on the schedule of expenditures of Ednannia (Joining Forces) - Initiative Center to Support Social Action, Ukraine Civil Society Sectoral Support Activity program, cooperative agreement 72012119CA00003, from January 1 to December 31, 2023. The auditee contracted with the independent audit firm Emergex Outsourcing LLC to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Generally Accepted Government Auditing Standards and Generally Accepted Auditing Standards. However, it did not have external quality control review or continuing professional education programs that fully satisfy the standards' requirements. 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 schedule of expenditures; 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 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 agreement's terms and applicable laws and regulations. To answer the audit objectives, the

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.

audit firm performed the subject financial audit that covered \$5,559,243 for the period from January 1 to December 31, 2023.

The audit firm concluded that the schedule of expenditures presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited and identified \$991 of ineligible questioned costs. The audit firm did not identify any material internal control weaknesses or any material instances of noncompliance with the award terms, conditions, and 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 determine the allowability of the \$991 in ineligible questioned costs and recover any amount determined to be unallowable. Further, the audit firm issued a management letter.

During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented this deficiency in a memo to the controller, dated October 30, 2024.

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"). 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 oignotice_ndaa5274@usaid.gov.