



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: January 30, 2026

TO: USAID, Performing the Duties of Administrator and Chief Operating Officer,
Eric Ueland

USAID, Acting Chief Financial Officer, Douglas A. Pitkin

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

SUBJECT: Audit of the Schedule of Expenditures of The Association Network for Building
Peace Under Multiple Awards in Bosnia and Herzegovina, January 1 to
December 31, 2024 (8-168-26-007-R)

This memorandum transmits the final audit report of the schedule of expenditures of The Association Network for Building Peace (NBP) under the following awards:

| Award Name (Type) | Award Number | Period | Subimplementer |
|--|---------------------------------------|---|---|
| Local Resource Organization Assistance Activity in Bosnia- Herzegovina (cooperative agreement) | 72016822CA00001 | January 1, 2024, to December 31, 2024 | n/a |
| Localworks Network Development Activity (grant) | 72016819GR00001 | January 1, 2024, to December 31, 2024 | n/a |
| Improving the Legal Framework for Philanthropy (subaward) | 23/08-1891 (under 72016820CA00001) | January 1, 2024, to December 31, 2024 | NBP was a subimplementer under a USAID cooperative agreement with Mozaik Foundation. |

The Association Network for Building Peace contracted with the independent audit firm BDO BH d.o.o. Sarajevo to conduct the audit. The audit firm stated it performed the audit in

accordance with the U.S. Government Auditing Standards. However, it did not have continuing professional education and external quality control review programs that 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 of USAID awards; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the statement of income and expenditures of USAID awards is fairly presented, in all material respects, in accordance with the applicable accounting standards; (2) evaluate the auditee's internal controls; and (3) report on compliance with USAID award terms, provisions of laws, and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered total expenditures of \$1,345,276 for the period from January 1 to December 31, 2024.

The audit firm issued a qualified opinion and concluded that, except for the effects of the unsupported questioned cost of \$68,272, NBP's Statement of Income and Expenditures for the year ended on December 31, 2024, presents fairly, in all material respects, costs incurred and reimbursed, commodities, and technical assistance. The audit firm identified four deficiencies in internal control that were considered significant deficiencies. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID determine if the recipient addressed the issues noted. Additionally, the auditor identified a material instance of noncompliance. The audit firm issued a separate management letter.

To address the problems identified in the report, we recommend that USAID:

Recommendation 1. Determine the allowability of \$68,272 in unsupported questioned costs on pages 20 to 24 of the audit report and recover any amount that is unallowable.

Recommendation 2: Verify that The Association Network for Building Peace corrects the instance of material noncompliance detailed on pages 37 to 38 of the audit report.

USAID/Bosnia and Herzegovina notified us that Agreement Officer disallowed the entire unsupported questioned amount of \$68,272 and issued a bill for collection on July 31, 2025. The mission also informed us that they set a target date for the collection of the disallowed amount for August 31, 2025. Accordingly, we acknowledge management decision for recommendation 1. For recommendation 2, we ask that you provide your written notification of actions planned or taken to reach management decision.

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.

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.