



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** July 9, 2024

**TO:** USAID/Lebanon Mission Director, Julie Southfield

**FROM:** Middle East and Eastern Europe Regional Office, Audit Assistant Director, Timothy Lamping /s/

**SUBJECT:** Audit of the Schedule of Expenditures of Lebanon Reforestation Initiative Under Multiple Awards in Lebanon, July 17, 2020 to February 28, 2023 (8-268-24-016-R)

This memorandum transmits the final audit report on Lebanon Reforestation Initiative (LRI) incurred costs under the following awards:

Award Name (Type)	Award Number	Period	Sub-implementer
Livelihood in Forestry Program (closeout, cooperative agreement)	72026818CA00003	January 1, 2021 to February 28, 2023	n/a
USFS & LRI Landscape Restoration and Community Engagement Program (cooperative agreement) [Non-USAID funds]	21-IC-11132762-394	January 1, 2021 to December 31, 2022	n/a
Labor-intensive Forest Management Activities in Chouf Area Project (closeout, sub-award)	STH021	July 17, 2020 to April 30, 2021	LRI

The auditee contracted with the independent audit firm, Grant Thornton, to conduct the audit. The audit firm stated it performed its audit in accordance with the United States Generally Accepted Government Auditing Standards. The audit firm did not have external quality control review or continuing education programs that fully satisfy the standards' requirements. The audit firm explained that Lebanon does not offer an external quality control review program. With regards to continuing professional education, the audit firm explained that not all auditors involved in the engagement have completed the continuing professional education related to government auditing. 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 awards, laws, and regulations.<sup>1</sup> The audit objectives were 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 awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered total expenditures of \$3,563,983 for the period from July 17, 2020 to February 28, 2023. Out of the \$3,563,983 total expenditures, \$2,808,457 pertained to USAID awards.

The audit firm concluded that the schedule of expenditures of the audited awards presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. The audit firm did not identify questioned costs. The audit firm did not identify any instance of material noncompliance or any material weaknesses in internal control. However, the audit firm stated that \$10,919 representing excess amount under the expired award number 72026818CA00003 must be returned to USAID/Lebanon. Since the amount of \$10,919 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/Lebanon determine the allowability of this amount and collect as appropriate any amount it finds appropriate.

During our desk review, we noted areas for improvement which the audit firm should address in future audit reports. We presented these deficiencies in a memo to the controller, dated July 9, 2024.

The report does not include 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.<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup> 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](mailto:oignotice_ndaa5274@usaid.gov).