



Office of Inspector General

MEMORANDUM

DATE: June 17, 2019

TO: USAID/Lebanon Mission Director, Anne Patterson

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, USDH
NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Fund Accountability Statement Audit of Berytech Foundation, Middle East North Africa Investment Initiative (MENA II) Project in Lebanon, Cooperative Agreement AID-OAA-A-14-00094, January 1 to December 31, 2017 (8-268-19-072-R)

This memorandum transmits the final report on the fund accountability statement audit of Berytech Foundation, Middle East North Africa Investment Initiative (MENA II) project in Lebanon, cooperative agreement AID-OAA-A-14-00094, from January 1, 2017, to December 31, 2017. The Berytech Foundation contracted with the independent certified public accounting firm Ernst & Young, Lebanon, to conduct the audit. The audit firm stated that the purpose of the engagement was to perform the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except that it did not participate in an external quality control review program, and did not have a continuing education program that fully satisfy the standards requirements. The audit firm explained that Lebanon does not offer such a review program. The audit firm is responsible for the enclosed report and the conclusions expressed in

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit follows the Guidelines.

it. We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the year ended December 31, 2017 was presented fairly in all material respects; (2) evaluate Berytech Foundation's internal controls; and (3) determine whether Berytech Foundation complied with the award terms and applicable laws and regulations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$3,984,999 in expenditures for the period from January 1, 2017, to December 31, 2017.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues, and costs incurred under the agreement for the period audited and did not identify any questioned costs. The audit firm did not identify any significant deficiencies or material weaknesses in internal control. The audit firm did not identify any instances of noncompliance with the agreement terms and applicable laws and regulations.

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 letter to the controller dated June 17, 2019.

The report does not contain any recommendations.

We appreciate the assistance extended during the engagement.

The 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").

² 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.