



MEMORANDUM

DATE: June 19, 2019

TO: USAID Mission U.S Embassy Beirut, Anne Patterson, Mission Director

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

SUBJECT: Financial Audit of USAID Resources Managed by Rene Moawad Foundation in Cooperative Agreement 268-A-12-0004, October 1, 2015, to September 30, 2016 (Report No. 8-268-19-077-R)

This memorandum transmits the final audit report on USAID resources managed by Rene Moawad Foundation for costs incurred under cooperative agreement AID 268-A-12-0004, Building Alliance for Local Advancement, Development, and Investment. Rene Moawad Foundation contracted with the independent certified public accounting firm of KPMG PCC to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and USAID Financial Audit Guidelines for Foreign Organizations.¹

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except for that the audit firm did not have an external peer review because no such programs are offered in Lebanon. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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, however, was initiated before that date and follows the guidelines.

on Rene Moawad Foundation's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The audit objective were to (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate Rene Moawad Foundation's internal controls; (3) determine whether Rene Moawad Foundation complied with applicable laws and regulations (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations. To answer the audit objectives, KPMG PCC (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues received from USAID for the period covering October 1 to September 30, 2016; (2) identified the award terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement; and (3) reviewed the support for the indirect cost rate. Rene Moawad Foundation reported expenditures of \$1,896,234 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited.

The audit firm did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms.

The audit firm determined that cost sharing contributions were made and accounted for by Rene Moawad Foundation in accordance with the agreement terms. Additionally, the audit firm determined that the recipient has taken adequate corrective actions on prior audit report recommendation.

Based on the results of the desk review, OIG is not making any recommendation to USAID Mission U.S Embassy Beirut.

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.