



## MEMORANDUM

**DATE:** February 23, 2021

**TO:** USAID/Lebanon, Mission Director, Mary Eileen Devitt

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

**SUBJECT:** Fund Accountability Statement Audit of Lebanon Reforestation Initiative Under the Livelihoods in Forestry Program in Lebanon, Cooperative Agreement 72026818CA00003, September 24, 2018 to December 31, 2019 (8-268-21-020-R)

This memorandum transmits the final audit report on the fund accountability statement of Lebanon Reforestation Initiative, under the Livelihoods in Forestry program in Lebanon, cooperative agreement 72026818CA00003, for the period from September 24, 2018 to December 31, 2019. Lebanon Reforestation Initiative contracted with the independent certified public accounting firm KPMG PCC to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Government Auditing Standards and guidelines for financial audits.<sup>1</sup> However, it did not have an external quality control review. The audit firm stated that no such program is offered by professional organizations in Lebanon. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate the

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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.

<sup>2</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.

auditee's internal controls; and (3) determine whether auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,618,494 for the period from September 24, 2018 to December 31, 2019.

The auditors expressed a modified opinion on the fund accountability statement and did not identify any questioned cost. The auditors did not identify any material weaknesses in internal control or any material instances of noncompliance.

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 February 23, 2021.

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).