



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 28, 2023

TO: USAID/Lebanon Mission Director, Mary Eileen Devitt

FROM: USAID/OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, David Clark/s/

SUBJECT: Closeout Audit of the Schedule of Expenditures of Caritas, Building Alliance for Local Advancement, Development and Investment Program in Lebanon, Cooperative Agreement AID-268-A-12-00005, January 1, 2021, to June 10, 2022 (8-268-23-019-R)

This memorandum transmits the final audit report of the schedule of expenditures of Caritas, Building Alliance for Local Advancement, Development and Investment program in Lebanon, cooperative agreement AID-268-A-12-00005, from January 1, 2021, to June 10, 2022. Caritas Lebanon contracted with the independent audit firm Talal Abu-Ghazaleh & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have an external quality control review program or a continuing education program that fully satisfies the standards' requirements. The audit firm explained that professional organizations in Lebanon do not offer such a review program. 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 award, laws, and regulations.¹

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 award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,641,632 from January 1, 2021, to June 10, 2022.

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.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified no questioned costs, no material weaknesses in internal control, and no instances of material noncompliance. The schedule of expenditures of USAID's award reflected an excess cash balance of \$7,243 at the award end date. Since this amount is less than the established OIG threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Lebanon make a determination and collect the amount of \$7,243 as appropriate. During our desk review, we noted areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated February 28, 2023.

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").