



Non-Federal Audit Snapshot







USAID OIG ME/EE Regional Office

Covering January – June 2024
Report No. 8 000 24-001-A

USAID’s **non-Federal audit (NFA)** program helps ensure that contracts, cooperative agreements, and other foreign assistance awards meet Federal requirements. NFAs—financial audits typically performed by independent public accounting firms—help safeguard taxpayer dollars. USAID OIG reviews NFA reports for compliance with government auditing reporting standards and transmits the reports and recommendations to USAID. Learn more in the [NFA Primer](#).

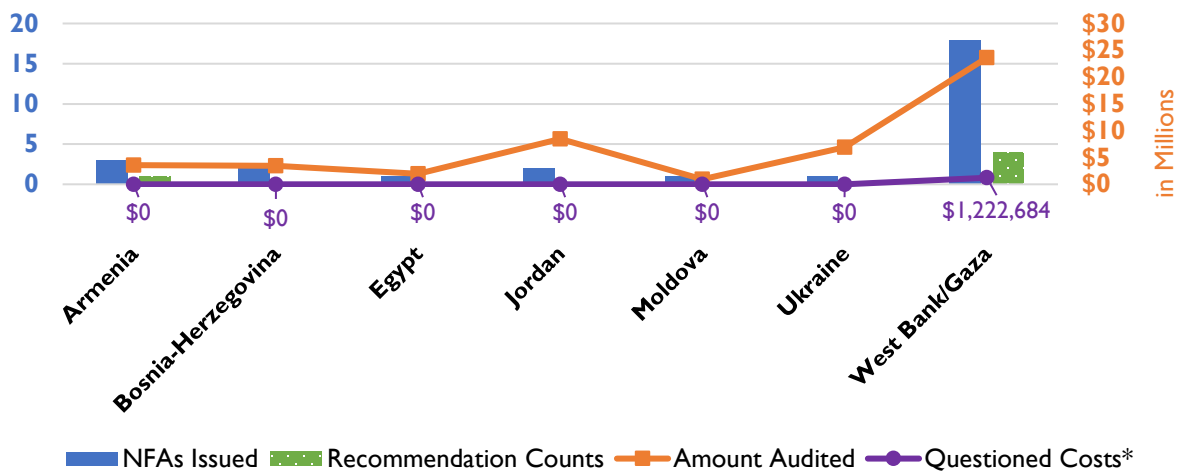
This **NFA Snapshot** highlights program data, audit findings, and recommendations in NFA reports transmitted by USAID OIG’s Middle East and Eastern Europe (ME/EE) Regional Office from January 1 to June 30, 2024.

By the Numbers: NFA Reports, Findings, and Recommendations

	NFAs Issued	28		Questioned Costs	\$1,222,684
	Amount Audited	\$48,946,814		Recommendations Issued	5
	Findings: Material Weaknesses in Internal Control	0		Findings: Compliance	7

- Sixty-two percent of audited expenditures were allocated to USAID programs in nonpermissive environments, specifically the West Bank and Gaza and Ukraine. The remaining 38 percent covered two countries in the Middle East region and three countries in the Eastern Europe region.
- All questioned costs and six of the seven material noncompliance findings stemmed from programs in the West Bank and Gaza.
- More than 62 percent of NFA reports reviewed pertained to programs in the West Bank and Gaza and democracy and governance, capacity building, and education programs. The remaining reports covered health, agriculture, infrastructure, and other programs.

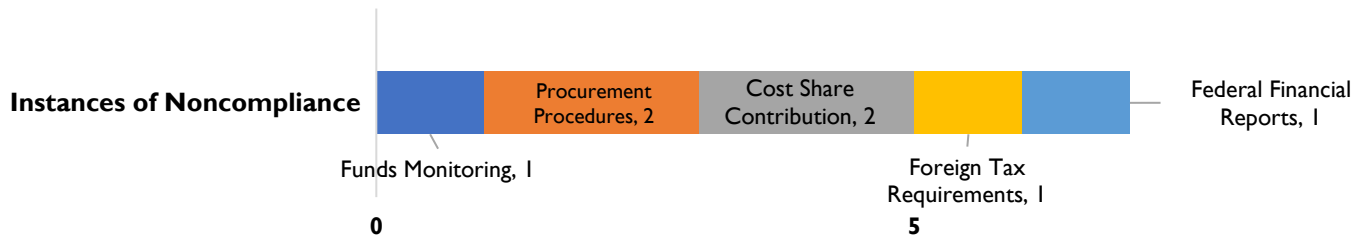
NFA Activity by Cognizant Mission



*Note: Questioned Costs amounts are as shown.

Drill Down: NFA Findings Detail

NFA report findings and recommendations address breakdowns in internal control and compliance with laws, regulations, and award terms. One NFA report the ME/EE Regional Office reviewed questioned \$1.2 million because the audit firm was unable to express an opinion on the auditee’s statement of expenditures. The firm could not obtain the auditee’s required management representations regarding the fair presentation and completeness of the financial statement.



By the Numbers: OIG Desk Reviews

	NFAs Reviewed	28		Independent Public Accounting Firms that Performed NFAs	13
	NFA Reports Rejected and Returned to USAID	0		Supplementary “Memos of Review Comment” Issued	12

- USAID OIG reviews NFA reports for key attributes including adherence to professional standards, completeness, and compliance with required formats. OIG rejects noncompliant reports and returns them to USAID for consideration prior to acceptance. The ME/EE Regional Office reviewed three reports between January 1 and June 30, 2024, that did not comply with updated Statement on Auditing Standards 134 requirements, which would typically warrant rejection. OIG brought the matter to USAID’s attention and agreed to pause rejections for this reason while the Agency updated its guidance. USAID updated Automated Directives System Mandatory Reference 591maa in June 2024.
- Supplementary Memos of Review Comment (MRCs) describe nonmaterial errors for the auditors to correct in future NFA reports. The ME/EE Regional Office issued MRCs that disclosed 20 areas for improvement mainly related to audit reports including erroneous or contradicting information and missing required disclosures or reconciliations.
- During the reporting period, the ME/EE Regional Office issued three Quality Control Review (QCR) reports of three audit firms in Jordan and Georgia. QCRs provide an in-depth examination of non-Federal auditor’s documentation. Our reviews found:
 - Inadequate audit documentation pertaining to independence, internal control understanding, risk assessment, compliance, and awards’ close-out procedures testing;
 - Noncompliance with Generally Accepted Government Auditing Standards’ continuing professional education requirements;
 - Inadequate quality control and assurance processes; and
 - Lack of supervisory review evidence.

USAID OIG’s ME/EE Regional Office provides independent audit oversight of USAID programs across 20 countries and regional missions in the Middle East and Eastern Europe from its offices in Frankfurt, Germany, and Cairo, Egypt. We conducted this work under the Council of the Inspectors General for Integrity and Efficiency’s Quality Standards for Federal Offices of Inspector General.