



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 24, 2025

TO: Sheree Marshall
Supervisory Auditor
USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division/Contract Audit Management Branch

FROM: David A. McNeil /s/
Director, External Financial Audits Division

SUBJECT: Financial Audit of Bahar Dernegi Under Award No. 720BHA22GR00134 for the Fiscal Year Ended December 31, 2023 (3-000-25-018-R)

This memorandum transmits the final audit report on the recipient contracted audit of Bahar Dernegi (Bahar), award titled "Integrated Food Security, Nutrition and Wash Assistance in Aleppo Governorate" under award No. 720BHA22GR00134, for the period from 1 January 2023 to 31 December 2023. Bahar contracted with Bakertilly to conduct the audit. Bakertilly stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have an external quality control review by an unaffiliated audit organization as required by GAGAS, since no such program is offered by professional organizations in Jordan. Bakertilly is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Bahar's schedule of expenditures, the effectiveness of its internal control, or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the schedule of expenditures of the U.S. Agency for International Development (USAID) awards for the USAID funded programs presents fairly in all material respects in relation to the recipient's financial statements as a whole and revenues received, costs incurred, and assets, commodities, and technical assistance directly procured with USAID funding for the period audited in conformity with the terms of the award; (2) evaluate the Bahar's internal control related to the USAID-funded programs, assess control risk, and identify significant deficiencies including material weaknesses; (3) perform tests to determine whether the recipient complied, in all material respects, with

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.

agreement terms and applicable laws and regulations related to USAID funded programs; and (4) determine if the recipient has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, Bakertilly procedures included, but were not limited to the following: (a) reviewed general and program ledgers to determine whether costs incurred were properly recorded; (b) reviewed and evaluated the Bahar's internal controls related to USAID programs to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation; (c) conducted tests of compliance to identify the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards; and (d) reviewed if the recipient has taken adequate corrective action on prior audit report recommendations. Bakertilly examined total USAID expenditures of \$ 7,266,743 in fiscal year 2023.

Bakertilly concluded that the schedule of expenditures of USAID awards referred to above presents fairly, in all material respects, local costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period from 1 January 2023 to 31 December 2023 for cooperative award no 720BHA22GR00134 in accordance with the terms of the agreements. Bakertilly identified no questioned costs. Bakertilly's testing indicated that the overall control environment is operating effectively, with no major deficiencies identified. Bakertilly test results disclosed no non-compliance with the program agreement terms and conditions that are required to be reported here under US Government Auditing Standards. Bakertilly reported no audit findings or recommendations in the previous audit report.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.