



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: September 4th, 2025

TO: USAID, Deputy Administrator for Management and Resources, Kenneth Jackson
USAID, Acting Chief Financial Officer, Douglas A. Pitkin

FROM: Middle East and Eastern Europe Regional Office, Audit Assistant Director, Esther Park /s/

SUBJECT: Financial Audit of the Local Currency Trust Fund Managed by USAID/Egypt, October 1, 2020, to September 30, 2023 (8-263-25-031-N)

This memorandum transmits the financial audit of the Local Currency Trust Fund (LCTF) managed by USAID/Egypt, October 1, 2020, to September 30, 2023. USAID/Egypt contracted with the independent audit firm Baker Tilly for Financial and Management Services S.A.E. (Baker Tilly) to conduct the audit. The audit firm stated it performed its audit in accordance with U.S. Government Auditing Standards. However, it did not have a continuing education or external quality control review programs that fully satisfy the standards' requirements. The audit firm explained that professional organizations in Egypt do not offer such a quality control review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on USAID/Egypt's schedule of expenditures; the effectiveness of its internal control; or its compliance with the LCTF agreements and memorandums of understanding (MOUs), USAID's Automated Directives System (ADS) 627, and applicable laws and regulation.¹

The audit objectives were to (1) express an opinion on whether the schedule of expenditures for the period audited presents fairly, in all material respects, revenues received and costs incurred; (2) evaluate USAID/Egypt's internal controls; and (3) determine whether USAID/Egypt complied, in all material respects, with the LCTF agreements and MOUs, USAID ADS 627, and

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.

applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$24,196,630 from October 1, 2020, to September 30, 2023.²

The audit firm concluded that the schedule of expenditure 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 questioned costs; any material weaknesses in internal control; or any material instances of noncompliance with the LCTF agreements and MOUs, USAID's ADS 627, and applicable laws and regulations.

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 USAID, dated September 4th, 2025.

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"). 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.³

² The audit report includes two schedules of expenditures—one in the local currency Egyptian pounds (EGP) and a supplemental schedule in U.S. dollar equivalent. The audit firm covered EGP 478,480,918 in expenditures and noted an equivalent amount of \$24,224,228 in the supplemental schedule. However, after recomputing the exchange rate calculations using the exchange rates noted in the report, we identified a variance in the equivalent amount covered in U.S. dollars of \$27,598. Therefore, the covered amount should be \$24,196,630.

³ 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.