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

MEMORANDUM

DATE: November 19, 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 Enhancing Sustainable Development in North Sinai, Implemented by Al Gora Community Development Association in Egypt, Cooperative Agreement 72026320CA00004, July 1, 2022, to June 30, 2023 (8-263-26-002-R)

This memorandum transmits the final audit report on the schedule of expenditures of Al Gora Community Development Association (Al Gora), Enhance Sustainable Development in North Sinai in Egypt, cooperative agreement 72026320CA00004, from July 1, 2022, to June 30, 2023. The auditee contracted with the independent audit firm Baker Tilly for Financial and Management Services S.A.E. (Bakertilly) to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government Auditing Standards. However, it did not have 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 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, revenues received and costs incurred; (2) evaluate Al Gora's internal controls; and (3) determine whether Al Gora complied

[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.

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with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered $1,919,332 from July 1, 2022, to June 30, 2023.

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, except for $5,503 in ineligible questioned costs related to rental costs. Since the questioned costs did not meet the OIG's established threshold of $25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/Egypt determine the allowability of the total $5,503 in questioned costs and recover any amount determined to be unallowable. In addition, the audit firm identified a significant deficiency in internal control related to an insufficient accounting and reporting system for USAID expenditures. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID determine if the recipient addressed the issue noted. The results of the auditors' tests disclosed no instances of noncompliance that are required to be reported under U.S. Government Auditing Standards. The audit firm also noted other matters involving internal control and its operations, as well as compliance with the agreement terms and applicable laws and regulations, which were reported to Al Gora's management in a separate letter. However, the management letter was not submitted for our review.

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 November 19, 2025.

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.