



Non-Federal Audit Snapshot

USAID OIG ME/EE Regional Office

Covering January – June 2025
Report No. 8 000-26-001-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. 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](#).

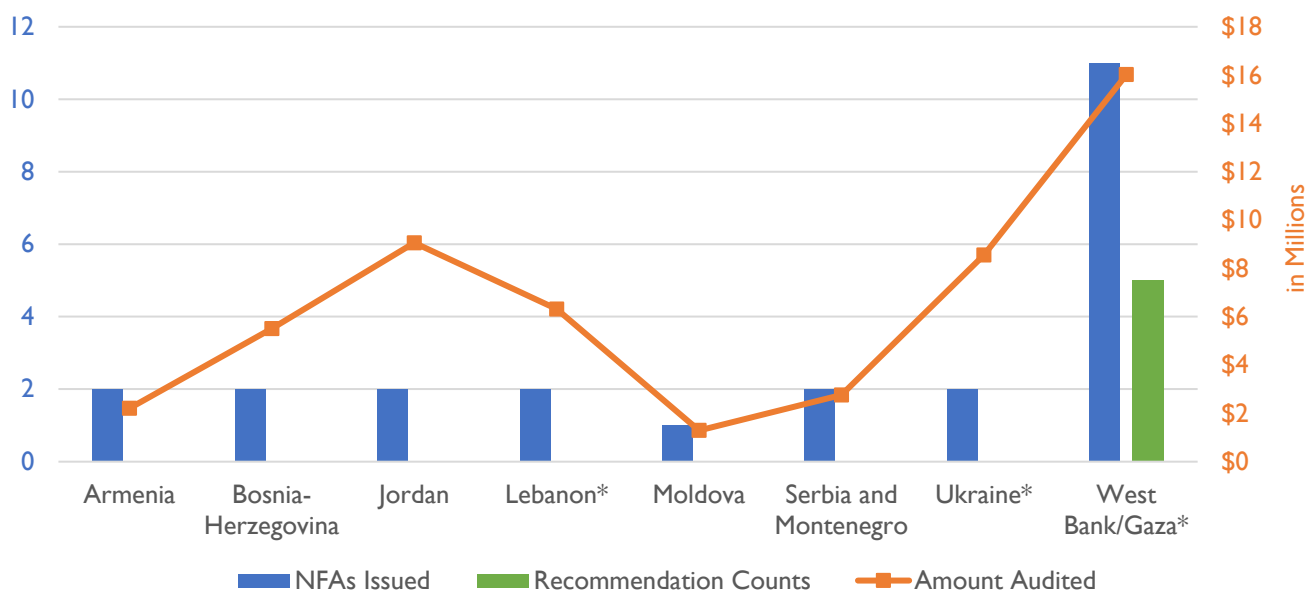
This **NFA Snapshot** highlights program data, audit findings, and recommendations in NFA reports transmitted by USAID OIG's Middle East and Eastern Europe (ME/EE) Regional Office from January 1 to June 30, 2025.

By the Numbers: NFA Reports, Findings, and Recommendations

	NFAs Issued	24		Questioned Costs	\$300,245
	Amount Audited	\$ 51,698,076		Recommendations Issued	5
	Findings: Material Weaknesses in Internal Control	2		Findings: Compliance	7

- About 60 percent of audited expenditures pertained to USAID programs in nonpermissive operating environments, including West Bank and Gaza, Ukraine, and Lebanon. The remaining 40 percent of audited expenditures covered programs in Jordan and 4 countries in Eastern Europe.
- The NFAs mainly pertained to program areas such as democracy and governance, economic growth, and education throughout the regions.

NFA Activity by Cognizant Mission



*Denotes nonpermissive operating environment. USAID characterized a nonpermissive environment as one in which uncertainty, instability, inaccessibility and/or insecurity limited the Agency's ability to safely and effectively operate.
Source: OIG-generated chart.

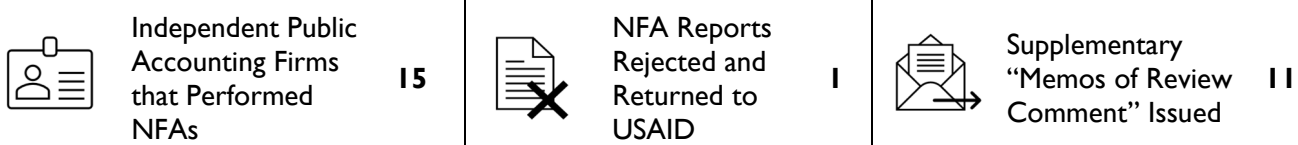
Drill Down: NFA Questioned Costs and Findings

Questioned costs of \$300,245 were identified in one NFA report for a program in West Bank and Gaza, primarily related to shortfalls in a recipient’s cost-sharing contributions. We made a formal recommendation to USAID/West Bank and Gaza to take steps to recover these funds from the program’s implementer. Furthermore, five audit firms in the ME/EE region identified another \$50,942 in ineligible or unsupported costs for expenditures not related to the program or improperly documented costs charged to USAID programs. We did not make formal recommendations for these additional questioned costs because the amounts were below OIG’s \$25,000 threshold for making formal recommendations.

OIG Desk Reviews

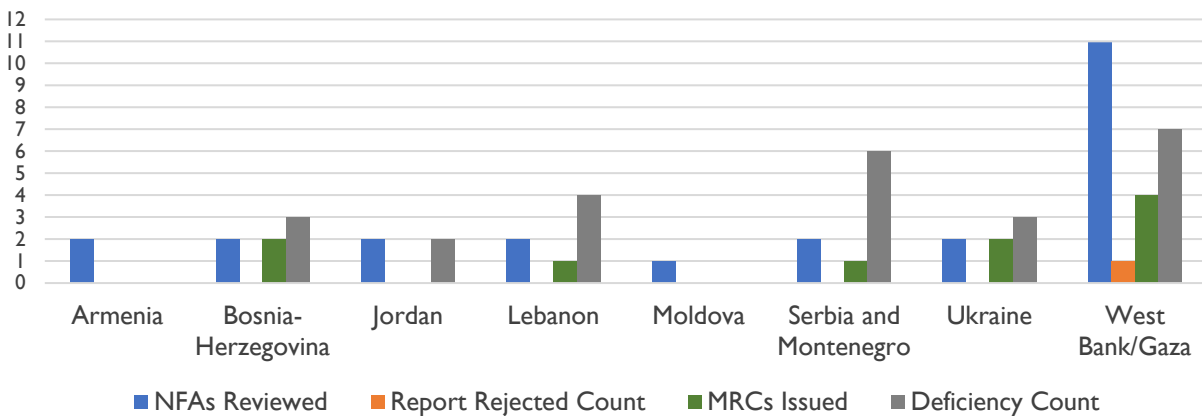
USAID OIG reviews NFA reports for key attributes including adherence to professional standards, completeness, and compliance with required formats. Noncompliant reports are returned to USAID. Supplementary Memos of Review Comment (MRCs) describe nonmaterial errors for the auditors to correct in future NFA reports.

By the Numbers: OIG Desk Reviews



- We rejected one report for a West Bank and Gaza program because the audit firm performed an examination rather than a financial audit as required by the *USAID Financial Audit Guide for Foreign Organizations*. USAID had not submitted a revised report as of September 30, 2025.
- We noted multiple issues in the MRCs for this period. Examples include (1) a lack of disclosure in audit reports of program close-out procedures as required by the *USAID Financial Audit Guide for Foreign Organizations* and (2) issues in the audit reports’ schedules of expenditures, such as a lack of reconciliations between the fund balances and bank statements; missing statements on whether the amounts recipients recorded were consistent with amounts USAID recorded; missing exchange rates for local currency to the U.S. dollar; and the inclusion of personally identifiable information.

NFA Quality Comparison by Cognizant Mission



From January to June 2025, USAID OIG’s ME/EE Regional Office provided independent audit oversight from its offices in Frankfurt, Germany, and Cairo, Egypt, of USAID’s programs in 21 countries and regional missions across the regions. Although USAID’s overseas missions closed in August 2025, we continue to oversee the Agency’s efforts to closeout its prior awards in the regions.

We prepared this information brief using public and nonpublic information. We conducted this work under the Council of the Inspectors General for Integrity and Efficiency’s *Quality Standards for Federal Offices of Inspector General*.