



MEMORANDUM

DATE: February 21, 2019

TO: USAID/Egypt, Mission Director, Sherry F. Carlin

FROM: Middle East/Eastern Europe Regional Office (Frankfurt), Assistant Audit Director, Saiming T. Wan /s/

SUBJECT: Closeout Fund Accountability Statement Audit of Holding Company for Water and Wastewater Under the Cost Reimbursement Implementation Letters on North Sinai in Egypt, February 22, 2015 to March 30, 2017 (8-263-19-002-N)

This memorandum transmits the final report on the closeout audit of fund accountability statement of Holding Company for Water and Wastewater under the cost reimbursement implementation letters on North Sinai in Egypt, for the period from February 22, 2015, to March 30, 2017. USAID/Egypt contracted with the independent certified public accounting firm Grant Thornton Mohamed Hilal to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except that it did not participate in an external quality control review program and did not have a continuing education program that fully satisfies the standards' requirements. The audit firm says that Egypt does not offer such a review program. With respect to the continuing education program, the audit firm says that they could not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours. 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 fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and

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regulations.¹

The audit objectives were to: (1) express an opinion on whether the fund accountability statement for the period from February 22, 2015, to March 30, 2017, was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; (3) determine whether the auditee complied with the award terms and applicable laws and regulations; (4) determine if the costs reported as incurred under the agreement are in fact allowable, allocable, and reasonable; and (5) determine if the auditee has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$8,007,948 for the period from February 22, 2015 to March 30, 2017.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material weaknesses or significant deficiencies in internal control. The audit firm did not identify any material instance of noncompliance with the award terms and applicable laws and regulations.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff during the engagement.

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").

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.