



MEMORANDUM

DATE: September 26, 2019

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

FROM: USAID OIG Middle East and Eastern Europe (ME/EE), Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Closeout Audit of the Fund Accountability Statement of Blue Moon Ltd, Premium Egyptian Small Growers Project in Egypt, Cooperative Agreement AID-263-A-11-00008, October 1, 2016, to February 28, 2018 (8-263-19-117-R)

This memorandum transmits the final report on the closeout audit of the fund accountability statement of Blue Moon Ltd, Premium Egyptian Small Growers Project in Egypt, cooperative agreement AID-263-A-11-00008, from October 1, 2016, to February 28, 2018. The auditee contracted with the independent certified public accounting firm Grant Thornton, Mohamed Hilal to conduct the audit.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except for not participating in an external quality control review program and not having a continuing education program that fully satisfies the standards' requirements. The audit firm explained that Egypt does not offer such a review program. With respect to the continuing education program, the audit firm states 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 auditor's 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 controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm

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.

performed the subject financial audit that covered \$1,245,652, for the period from October 1, 2016, to February 28, 2018.

The auditors expressed a modified opinion on the fund accountability statement and questioned ineligible costs in the amount of \$4,532. The audit firm did not identify any material internal control weaknesses, or any material instances of noncompliance with the agreement terms, conditions and applicable laws and regulations. Subsequently, Blue Moon Ltd refunded the ineligible amount to USAID via check no. 10000119687, dated August 26, 2018. Therefore, the audit firm considered this finding closed. Further, the audit firm issued a management letter.

The report does not contain any recommendations for your action.

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

The 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").

Enclosed: a/s