



MEMORANDUM

DATE: January 6, 2021

TO: USAID/Egypt Mission Director, Leslie Reed

FROM: USAID/OIG Middle East and Eastern Europe (M/EE) Regional Office, USDH NFA Coordinator, John Vernon /s/

SUBJECT: Audit of the Fund Accountability Statement of Takween Integrated Community Development, Rediscovering Esna's Culture Heritage Assets Project in Egypt, Cooperative Agreement AID-263-A-16-00003, January 1 to December 31, 2019 (8-263-21-015-R)

This memorandum transmits the final audit report of the fund accountability statement of Takween Integrated Community Development, Rediscovering Esna's Culture Heritage Assets Project in Egypt, cooperative agreement AID-263-A-16-00003, from January 1 to December 31, 2019. Takween Integrated Community Development contracted with the independent certified public accounting firm Grant Thornton, Mohamed Hilal to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. However, it did not participate in an external quality control review program because Egypt does not offer such a review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on auditee's fund accountability statement, internal control effectiveness, 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 fairly presented, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$753,310 from January 1 to December 31, 2019.

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.

The auditors expressed a modified opinion on the fund accountability statement and identified \$3,196 of questioned costs (\$1,695 ineligible, and \$1,501 unsupported). The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with applicable laws and regulations. The auditors said that Takween Integrated Community Development refunded the questioned costs to USAID/Egypt on October 5, 2020. Further, the audit firm issued a management letter. The report included personally identifiable information on pages 11 and 12 and in appendix A.

During our desk review, we noted one minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to USAID/Egypt's controller, dated January 6, 2021.

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").