



MEMORANDUM

DATE: June 24, 2021

TO: USAID/Lebanon Mission Director, Mary Eileen Devitt

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

SUBJECT: Audit of the Fund Accountability Statement of Caritas Lebanon, Building Alliance for Local Advancement, Development, and Investment (BALADI) Program in Lebanon, Cooperative Agreement AID-268-A-12-00005, January 1 to December 31, 2019 (8-268-21-025-R)

This memorandum transmits the final audit report on the fund accountability statement of Caritas Lebanon, Building Alliance for Local Advancement, Development, and Investment (BALADI) program in Lebanon, cooperative agreement AID-268-A-12-00005, January 1 to December 31, 2019. Caritas Lebanon contracted with the independent certified public accounting firm Ernst and Young p.c.c, Lebanon to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have an external quality control review program because professional organizations in Lebanon do not offer such a review program and did not have a continuing education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Caritas Lebanon fund accountability statement; the effectiveness of its internal control; 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 was fairly presented, in all material respects; (2) evaluate the auditee's internal control related to the USAID-funded program; and (3) determine whether the auditee complied with the agreement's terms and applicable laws and regulations. To answer the audit

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.

objectives, the audit firm performed the subject financial audit that covered \$2,572,783 for the period from January 1 to December 31, 2019.

The auditor expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditor did not identify any material internal control weaknesses or any material instances of noncompliance with the agreement terms and applicable laws and regulations.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented the issue in a letter to the controller dated June 24, 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”).