



USAID
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ACTION MEMO FOR ALINA ROMANOWSKI, DEPUTY ASSISTANT ADMINISTRATOR FOR THE MIDDLE EAST BUREAU

From: William Baldrige, ME/TS *WD*
Through: Kay Freeman, ME/TS *KF*
Date: February 5, 2014
SUBJECT: Egyptian-American Enterprise Fund request to waive requirement for annual financial audit.

Recommendation

That you approve this request to waive the Egyptian-American Enterprise Fund (EAEF) Grant Agreement requirement to audit EAEF's financial records for its 2013 fiscal year.

Approve *WD 2/6/14* Disapprove _____

Background and Justification

The EAEF Grant Agreement was signed on March 13, 2013. EAEF's fiscal year is the calendar year. Thus, at the end of EAEF's first fiscal year (December 31, 2013), EAEF had been in existence for about nine months. The Egyptian-American Enterprise Fund (EAEF) Grant Agreement, General Provisions, section 2.C provides that EAEF shall "have annual audits of the Fund performed in accordance with U.S. generally accepted audit standards until the Fund is liquidated and its assets distributed."

EAEF has requested that USAID waive the requirement for an annual audit for its 2013 fiscal year. EAEF's reasoning is that by December 31, 2013, EAEF had been in operation for less than nine months and its advance payments and expenditures were relatively small. EAEF is endeavoring to keep administrative expenses low and posits that the cost of an audit outweighs the benefit of an audit at this early stage. ME/TS agrees that an audit is not warranted at this time.

The deviation memo approving the use of the audit provision contained in the grant agreement refers to ADS 591.3.1.1. Such ADS section mentions that U.S. nonprofit organizations that expend \$500,000 or more in Federal awards within their fiscal year must have a single (organization-wide) or program-specific financial audit conducted for that year in accordance with OMB Circular A-133. The EAEF has confirmed that it has expended less than this amount

during its 2013 fiscal year.

Authority

The requirement for an annual audit is in the EAEF Grant Agreement and waiving it would not be inconsistent with the deviation memo approved by OAA or ADS, as described above. As AO you have the flexibility and discretion to waive this requirement.

CLEARANCE PAGE FOR ACTION MEMORANDUM for approval of request to waive the EAEF Grant Agreement requirement to audit EAEF's financial records for its 2013 fiscal year.

Clearances:

GC/ME: Veena Reddy Date: 2/4/2014

Info:

M/OAA: Mark Walther

M/FM: Eileen Devitt

Drafted: ME/TS: SHester, 2-4043