



*Office of Inspector General*

## MEMORANDUM

**DATE:** April 17, 2019

**TO:** USAID/West Bank and Gaza Mission Director, Monica Stein-Olson

**FROM:** USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, Saiming T. Wan /s/

**SUBJECT:** Fund Accountability Statement Audit of Al Quds University, Under Prime, Bard College, Under Multiple Awards in West Bank and Gaza, September 20, 2014 to August 31, 2017 (8-294-19-010-N)

This memorandum transmits the final report on the fund accountability statement audit of Al Quds University under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>	<b>Subimplementer</b>
Bard College Master of Arts in Teaching (MAT) (Cooperative Agreement)	AID-294-A-12- 00007	June, 2013- May 9, 2015	N/A
Access to Success (Sub-Grant Agreement)	AID-294-G-14- 00001		Al Quds University
Access to Success 2 Civic Engagement (Sub- Grant Agreement)	AID-294-G-16- 00002		Al Quds University

USAID contracted with the independent certified public accounting firm of Ernst & Young, Middle East, Ramallah, Palestine, to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup>

<sup>1</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the Guidelines.

The audit firm stated that it performed the 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 satisfy the requirements of chapter 3, paragraph 3.82 and 3.96 of the auditing standards. The audit firm explained that professional organizations in West Bank and Gaza do not offer such program. The audit firm is responsible for the enclosed report and the stated conclusions expressed in it. We do not express an opinion on Al Quds University's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement from September 20, 2014 to August 31, 2017, was presented fairly, in all material respects; (2) evaluate the Al Quds University's internal controls; and (3) determine whether Al Quds University complied with the contract terms and the applicable laws and regulations, (4) determine if Al Quds University took corrective actions to address prior audit recommendations. The audit objectives also included testing Al Quds University's compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. The audit covered \$1,075,080 for the period from September 20, 2014 to August 31, 2017.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. The auditors did not identify any material internal control weaknesses, or any material instances of noncompliance with the award terms conditions, and applicable laws and regulations, and did not identify any questioned costs. In addition, the auditors reviewed the cost sharing schedule and reported no issues with it. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to our staff and the audit firm's 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")

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<sup>2</sup> 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.