



MEMORANDUM

DATE: March 19, 2019

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

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

SUBJECT: Closeout Examination Audit of Peres Center for Peace and Innovation, Compliance with Terms and Conditions of its Fixed Price Sub-Award 19, Managed by Prime Mercy Corps in West Bank and Gaza, Cooperative Agreement AID-294-A-14-00005, August 1, 2015, to June 15, 2016 (8-294-19-039-R)

This memorandum transmits the final closeout examination audit of Peres Center for Peace and Innovation (PCPI), compliance with terms and conditions of its fixed price sub-award No.19, managed by Prime Mercy Corps, Cooperative Agreement No. AID-294-A-14-00005, August 1, 2015 to June 15, 2016. The auditee contracted with the independent certified public accounting firm PricewaterhouseCoopers 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.¹

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. The audit firm explained that West Bank and Gaza does not offer such review program; however, they participate in PricewaterhouseCoopers worldwide internal quality

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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. [As applicable, include: "This contracted audit, however, was initiated before that date and follows the Guidelines".]

control review program, which requires their office to be subjected, every three years, to extensive quality control review by partners and managers from other affiliate. In addition, sample of the audit firms audit files is subject to review by partners and managers from other affiliate. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PCPI's compliance examination; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The audit objectives were to (1) determine whether PCPI complied, in all material respects, with the sub-award's terms and conditions; and (2) design the engagement to provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the sub-award that could have a material effect on PCPI's compliance with the terms of the sub-award. The audit tested the auditee's compliance with Executive Order 13224- Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the audit objectives, the audit firm performed the subject examination that covered \$40,985 for the period from August 1, 2015, to June 15, 2016.

The audit firm concluded that the Peres Center for Peace and Innovation complied in all material respects, with the aforementioned sub-award terms and conditions. The audit firm did not identify any material internal control weakness and significant deficiency in internal control; the audit firm also did not identify any instances of material noncompliance with Executive Order 13224.

The report does not contain 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").

² 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.