



Office of Inspector General

MEMORANDUM

DATE: July 10, 2019

TO: USAID/West Bank and Gaza, Acting Mission Director, Courtney Chubb

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

SUBJECT: Fund Accountability Statement Audit of Locally Incurred Costs by TSOFEN – High Technology Centers LTD., Building Equitable and Suitable Relations Through Hi-Tech – USAID Project in West Bank and Gaza, Cooperative Agreement AID-294-A-14-00010, January 1 to December 31, 2016 (8-294-19-088-R)

This memorandum transmits the final audit report on locally incurred costs by TSOFEN – High Technology Centers LTD. (TSOFEN), building equitable and suitable relations through hi-tech – USAID Project in West Bank and Gaza, cooperative agreement AID-294-A-14-00010, from January 1 to December 31, 2016. TSOFEN contracted with the independent certified public accounting firm of PricewaterhouseCoopers to conduct the audit.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except that it did not participate in an external quality control review program, that fully satisfy the requirements of the auditing standards. The audit firm explained that professional organizations in West Bank and Gaza do 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 TSOFEN's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate TSOFEN's internal controls; and (3) determine whether TSOFEN complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted the subject financial audit that covered \$344,932 for the period from January 1 to December 31, 2016.

The audit firm expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses. The auditors identified one instance of material noncompliance related to TSOFEN not reporting its training activities under the project through the Agency's Training Results and Information Network. The auditors did not test the recipient's compliance with Executive Order 13224—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism since it was not applicable to that program. Further, the audit firm issued a management letter.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, TSOFEN had its activities terminated and currently has no open awards with USAID. USAID OIG ME/EE Regional Office is not including a procedural recommendation regarding the material instance of noncompliance. However, if USAID/West Bank and Gaza considers future awards to TSOFEN, it should ensure that adequate policies and procedures are implemented to address this finding, as detailed on pages 17 of PricewaterhouseCoopers' report.

The report does not contain any recommendations for your action.

We appreciate the assistance extended during the engagement.

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").