



MEMORANDUM

DATE: September 25, 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: Audit of Locally Incurred Costs by International Research and Exchanges Board, Partnerships for Youth Program in the West Bank and Gaza, Cooperative Agreement AID-294-A-13-00004, March 1 to December 31, 2015 (8-294-19-114-R)

This memorandum transmits the final audit report on the locally incurred costs by International Research and Exchanges Board, Partnerships for Youth Program in the West Bank and Gaza, cooperative agreement AID-294-A-13-00004, from March 1 to December 31, 2015. The auditee contracted with the independent certified public accounting firm PricewaterhouseCoopers to conduct the audit.

The audit firm states 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. The audit firm says that West Bank and Gaza does 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 the auditee's fund accountability statement; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations¹.

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period from March 1 to December 31, 2015 was fairly presented, in all

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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

material respects; (2) evaluate the auditee's internal controls; and (3) determine whether auditee complied with agreement terms and applicable laws and regulations, including 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 auditors performed the subject financial audit that covered \$1,050,205 for the period from March 1 to December 31, 2015.

The auditors 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, but identified two material instances of noncompliance related to the auditee not checking and documenting the names of the suppliers against the Excluded Parties List System website and not including some required provisions in the sub-awards made under the project. 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, International Research and Exchanges Board 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 instances of noncompliance. However, if USAID/West Bank and Gaza considers future awards to International Research and Exchanges Board, it should ensure that adequate policies and procedures are implemented to address these findings, as detailed on page 19 to 21 of PricewaterhouseCoopers.

The report does not include 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").