



MEMORANDUM

DATE: December 9, 2019

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

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

SUBJECT: Closeout Fund Accountability Statement Audit of Sikkuy, The Association for the Advancement of Civic Equality, Opening Hearts and Homes Project in West Bank and Gaza, Cooperative Agreement AID-294-A-13-00010, January 1 to December 17, 2016 (8-294-20-019-R)

This memorandum transmits the final closeout audit report on the fund accountability statement audit of Sikkuy, The Association for the Advancement of Civic Equality, Opening Hearts and Homes Project, Cooperative Agreement AID-294-A-13-00010, from January 1 to December 17, 2016. Sikkuy contracted with the independent certified public accounting firm Deloitte & Touche (M.E.) to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹ However, the audit firm did not fully satisfy the continuing professional education requirement and did not have an external quality control review by an unaffiliated audit organization. The audit firm says that West Bank and Gaza does not offer such a review program. With respect to the continuing education program, the audit firm says that they could not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Sikkuy's fund accountability statement; the effectiveness of its internal control; or its compliance with

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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

the award, laws, and regulations.²

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 Sikkuy's internal controls; and (3) determine whether Sikkuy complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm reviewed Sikkuy's incurred costs, tested internal controls, and examined the entities compliance with agreement terms, laws, and regulations. The audit covered \$360,370 for the period January 1 to December 17, 2016.

The audit firm expressed an unmodified opinion on the fund accountability statement and concluded that it presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm did not identify any material internal control weaknesses, or any material instances of noncompliance with the cooperative agreement terms, applicable laws, and regulations. The audit firm did not perform tests of compliance with Executive Order 13224 because of its inapplicability to the auditee.

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").

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.