



MEMORANDUM

DATE: December 16, 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: Audit of Fund Accountability Statement of Beit Issie Shapiro-Amutat Avi, Ma'an, Beyachad and Together Program in West Bank and Gaza, Cooperative Agreement AID-294-A-13-00011, September 1, 2014, to December 31, 2015 (8-294-20-023-R)

This memorandum transmits the final report on the audit of fund accountability statement of Beit Issie Shapiro-Amutat Avi, Ma'an, Beyachad and Together program in West Bank and Gaza, cooperative agreement AID-294-A-13-00011, from September 1, 2014, to December 31, 2015. The auditee contracted with the independent certified public accounting firm Ernst & Young to conduct the audit. The audit firm stated that it performed its audit in accordance with the government auditing standards. However, it did not have an external quality control review program because West Bank and Gaza does not offer such a review program. The audit firm is responsible for the enclosed auditor's 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 regulations.¹

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 the auditee's internal controls; (3) determine whether the auditee complied with the award terms and applicable laws and regulations, including testing 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

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.

performed the subject financial audit that covered \$485,833, for the period from September 1, 2014, to December 31, 2015.

The audit firm expressed an unmodified opinion on fund accountability statement and did not identify any questioned costs. The auditors did not identify any material weakness in the internal control, but identified one material instances of noncompliance. The auditors stated that Beit Issie Shapiro-Amutat Avi is not subject to Mission Order 21 and Executive Order 13224 as the program falls outside the scope of the mandatory provisions underlying Mission Order 21. Further, the auditors issued a management letter.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, Beit Issie Shapiro-Amutat Avi had its activities terminated and currently has no open awards with USAID. Accordingly, 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 Beit Issie Shapiro-Amutat Avi, it should ensure that the auditee have adequate policies and procedures in place to address this finding, as detailed on page 15 of Ernst & Young audit report.

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").