



MEMORANDUM

DATE: December 18, 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 Audit of Fund Accountability Statement of Augusta Victoria Hospital, New Bone Marrow Transplantation Program in West Bank and Gaza, Cooperative Agreement AID-294-A-13-00001, May 1, 2015, to August 31, 2016 (8-294-20-026-R)

This memorandum transmits the final report on the closeout audit of fund accountability statement of Augusta Victoria Hospital, New Bone Marrow Transplantation program in West Bank and Gaza, cooperative agreement AID-294-A13-00001, for the period from May 1, 2015, to August 31, 2016. The auditee 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 Generally Accepted Auditing Standards and USAID OIG guidelines for financial audits contracted by foreign recipients.¹ However, it did not have an external quality control review program and continuing education program that fully satisfies the standards' requirements. The audit firm explained 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; internal control effectiveness; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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.

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.

The audit objectives were to (1) express an opinion on whether the fund accountability statement presents fairly, in all material respects, the funds received and costs incurred and commodities directly procured by USAID for the period audited; (2) evaluate and obtain a sufficient understating of the auditee's internal controls, assessing control risk, and (3) determine whether the auditee complied, in all material respects, with the cooperative agreement terms and applicable laws and regulations that have a direct and material effect on the fund accountability statement, including testing the contractor's compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Person Who Commit, Threaten to Commit, or Support Terrorism. To answer the audit objectives, the audit firm performed the subject audit that covered \$554,691 for the period from May 1, 2015, to August 31, 2016.

The auditors 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 weakness, or material instance of noncompliance. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

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").