



## MEMORANDUM

**DATE:** January 15, 2020

**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 the Fund Accountability Statement of International Youth Foundation, Youth Entrepreneurship Development in West Bank and Gaza, Cooperative Agreement 294-A- 00-10-00209, October 1, 2015, to September 30, 2016 (8-294-20-032-R)

This memorandum transmits the final report on the closeout audit of the fund accountability statement of International Youth Foundation, Youth Entrepreneurship Development, cooperative agreement 294-A- 00-10-00209, October 1, 2015, to September 30, 2016. The auditee contracted with the independent certified public accounting firm Talal Abu-Ghazaleh & Co. to conduct the audit. The audit firm states that it performed its audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States, and USAID Office of Inspector General's Guidelines for Financial Audits Contracted by Foreign Recipients<sup>1</sup>. However, it did not have an external quality control review 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 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 control; or its compliance with the award, laws, and regulations<sup>2</sup>.

The audit objectives were to (1) express an opinion on whether the fund accountability statement

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 On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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

<sup>2</sup> 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.

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 performed the subject financial audit that covered \$655,548, from October 1, 2015, to September 30, 2016.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material weaknesses in internal control, or any material instances of noncompliance with the agreement terms, conditions and applicable laws and regulations. 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").