



MEMORANDUM

DATE: January 27, 2020

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: Closeout Fund Accountability Statement Audit of St. John Eye Hospital, Improving Eye Care Services for Palestinians in West Bank and Gaza, Cooperative Agreement AID-294-A-13-00002, April 1 to December 3, 2016 (8-294-20-037-R)

This memorandum transmits the final report on the closeout fund accountability statement audit of St. John Eye Hospital, Improving Eye Care Services for Palestinians in West Bank and Gaza, cooperative agreement AID-294-A-13-00002, for the period from April 1 to December 3, 2016. St. John Eye Hospital contracted with the El Wafa Company to conduct the audit. The audit firm stated that it performed its audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States. However, it did not participate in an external quality control review program that fully satisfies the standards' requirements because no such program is offered by professional organizations in West Bank and Gaza. 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 control; 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 was fairly presented, in all material respects; (2) evaluate the auditee's internal control related to the USAID-funded program; and (3) determine whether the auditee complied with the agreement's 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

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.

audit firm performed the subject financial audit that covered \$463,313 for the period from April 1 to December 3, 2016.

The auditors expressed an unmodified opinion on fund accountability statement and did not identify any questioned costs. The auditors identified one material internal control weakness related to improper accounting treatment of VAT refund, and one material instance of noncompliance with the cost sharing requirements resulting in a shortfall of \$13,544. The auditors did not identify any material instances of noncompliance with Executive Order 13224. 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, St. John Eye Hospital had its activities terminated and currently has no open awards with USAID. USAID/OIG ME/EE Regional Office is not including procedural recommendations regarding the material internal control weakness and the material instance of noncompliance. However, if USAID/West Bank and Gaza considers future awards to St. John Eye Hospital, it should ensure that adequate policies and procedures are implemented to address these findings, as detailed on pages 17, 18, 21, and 22 of the audit report. Since the shortfall amount did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/West Bank and Gaza make a determination on the \$13,544 of cost share contribution shortfall and recover from St. John Eye Hospital amounts it determines as appropriate.

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").