



MEMORANDUM

DATE: March 25, 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, John Vernon /s/

SUBJECT: Closeout Audit of the Fund Accountability Statement of Near East Foundation, Olive Oil without Borders II in West Bank and Gaza, Cooperative Agreement 294-A-14-00004, September 1, 2016 to September 4, 2017 (8-294-20-054-R)

This memorandum transmits the final report of the close out audit of the fund accountability statement of Near East Foundation, Olive Oil without Borders II – Expanding Cross Border Collaboration in the Olive Sector in West Bank and Gaza, Cooperative agreement 294-A-14-00004, from September 1, 2016 to September 4, 2017. Near East Foundation contracted with the independent certified public accounting firm El Wafa Company to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the U.S. Government Auditing Standards issued by the Comptroller General of the United States. 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 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 regulations¹.

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

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.

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 expenditures of \$504,906 from September 1, 2016 to September 4, 2017.

The auditors expressed an unmodified opinion on the fund accountability statement and identified \$407 of ineligible questioned costs. The audit firm did not identify any material instances of noncompliance with the agreement terms, conditions and applicable laws and regulations, but identified one material internal control weakness related to improper currency translation. The auditors did not identify any material instances of noncompliance with Executive Order 13224. Since the questioned costs 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 determine the allowability of the \$407 in questioned ineligible costs and recover any amount determined to be unallowable. The audit firm said that the auditee took proper action to address the material internal control weakness.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the Controller, dated March 25, 2020.

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").