



MEMORANDUM

DATE: May 20, 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 Fund Accountability Statement Audit of Parents Circle Families Forum Under Narrative for Change Project in West Bank and Gaza, Cooperative Agreement AID-294-A-14-00008, January 1, 2016 to May 31, 2017 (8-294-20-068-R)

This memorandum transmits the final closeout audit report of the fund accountability statement of Parents Circle Families Forum, Narrative for Change project in West Bank and Gaza, cooperative agreement AID-294-A-14-00008, for the period from January 1, 2016 to May 31, 2017. The auditee contracted with the independent certified public accounting firm Talal Abu-Ghazaleh & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external peer review 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 for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether auditee complied, in all material respects, with the award's specific terms and applicable laws and regulations, including 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 \$579,871 for the period from January 1, 2016 to May 31, 2017.

The audit firm expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm didn't identify any material internal control weaknesses or any material instance of noncompliance with Executive Order 13224, but identified one material instance of noncompliance with rules and regulations pertaining to the authorized geographic code for commodities purchased in the amount of \$3,005.

Since this \$3,005 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 and collect any amounts it finds appropriate out of these \$3,005. As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities. Parents Circle Families Forum currently has no open awards with USAID. RIG/Frankfurt is not including a procedural recommendation regarding the material noncompliance instance. However, if USAID/West Bank and Gaza considers future awards to Parents Circle Families Forum, it should ensure that adequate policies and procedures are implemented to address this finding, as detailed on pages 21 and 22 of Talal Abu-Ghazaleh & Co.'s audit report. Further, the audit firm issued a management letter.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented this in a memo to the controller dated May 20, 2020. Please note that pages 23 and 24 of the audit report include personally identifiable information.

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").