



MEMORANDUM

DATE: November 3, 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: Audit of the Fund Accountability Statement of Tapuach-Appleseeds Academy, Net@IT Community Youth Leaders Activity in West Bank and Gaza, Cooperative Agreement 294-A-17-00003, September 19, 2017 to December 31, 2018 (8-294-21-003-N)

This memorandum transmits the final audit report on the fund accountability statement of Tapuach-Appleseeds Academy, Net@IT Community Youth Leaders Activity in West Bank and Gaza, cooperative agreement 294-A-17-00003, from September 19, 2017 to December 31, 2018. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte & Touche (M.E.) to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. However, it did not participate in an external quality control review program because 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 auditee's fund accountability statement; the effectiveness of its internal control effectiveness; 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 fairly presented, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with applicable

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.

laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$432,399 from September 19, 2017 to December 31, 2018.

The auditors expressed a qualified opinion on the fund accountability statement and identified questioned cost of \$64,466 (\$4,239 Ineligible and \$60,227 unsupported). The auditors identified two material instances of noncompliance and one material internal control weakness related to inappropriate recording and reporting of an expense invoice that resulted in \$4,239 of ineligible questioned costs. The auditors did not test the auditee's compliance with Executive Order 13224 as it is not subject to mission order number 21 and its notices.

During our desk review, we noted one minor issue which the audit firm would need to address in future audit reports. We presented these issue in a memo to the controller dated November 3, 2020.

Tapuach-Appleseeds Academy has another current award ongoing with USAID till 2023. To address the issues identified in the report, we recommend that USAID/West Bank and Gaza:

Recommendation 1. Determine the allowability of \$64,466 in questioned costs (\$4,239 ineligible, \$60,227 unsupported) on pages 16, 17, and 18 of the audit report and recover any amount that is unallowable.

Recommendation 2. Verify that Tapuach-Appleseeds Academy corrects the material weakness in internal control detailed on page 16 of the audit report.

Recommendation 3. Verify that Tapuach-Appleseeds Academy corrects the two instances of material noncompliance detailed on pages 17, 18, and 19 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

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").