



MEMORANDUM

DATE: January 18, 2021

TO: USAID/West Bank 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 TSOFEN High Technology Center LTD., Tech Bridges Program in West Bank and Gaza, Cooperative Agreement 72029418C00004, September 28, 2018 to December 31, 2019 (8-294-21-009-N)

This memorandum transmits the final audit report of the fund accountability statement of TSOFEN High Technology Center LTD., Tech Bridges program in West Bank and Gaza, cooperative agreement 72029418C00004, from September 28, 2018 to December 31, 2019. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Ernst & Young – Middle East 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 quality control review since such program is not 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 TSOFEN High Technology Center LTD. 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 the auditee complied with the award

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.

terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered costs in the amount of \$415,366 for the period from September 28, 2018 to December 31, 2019.

The audit firm expressed a modified opinion on the fund accountability statement and questioned ineligible costs in the amount of \$9,439. The audit firm did not identify any material instances of noncompliance or any material weaknesses in internal control. The audit firm said that TSOFEN High Technology Center LTD is not subject to Mission Order number 21 or Executive Order number 13324—Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as the program falls outside the scope of the mandatory provisions underlying mission order number 21. Further, the audit firm identified ineligible cost sharing contributions in the amount of \$27,218. The audit firm said that the auditee refunded the total ineligible questioned cost of \$9,439 to USAID on October 1, 2020 and mentioned that the auditee subsequently amended the \$27,218 related to the cost sharing questioned costs. USAID/West Bank and Gaza confirmed that the auditee rectified the cost share records. In addition, although we are not making a recommendation for significant deficiencies noted in the audit report, we suggest that USIAD/West Bank and Gaza determine if the recipient addressed the issues noted. Further the audit firm issued a management letter.

The report does not include any recommendations for your action.

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”).