



MEMORANDUM

DATE: June 28, 2021

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 American Jewish Joint Distribution Committee, a Community of Equals Project in West Bank and Gaza, Cooperative Agreement 294-A-17-00016, September 28, 2017 to January 31, 2019 (8-294-21-036-N)

This memorandum transmits the final closeout audit report on the fund accountability statement of American Jewish Joint Distribution Committee, a Community of Equals Project in West Bank and Gaza, cooperative agreement 294-A-17-00016, from September 28, 2017 to January 31, 2019. 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, 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 laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$272,451 from September 28, 2017 to January 31, 2019.

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.

The auditors expressed a qualified opinion on the fund accountability statement and identified \$219,977 of unsupported questioned costs. The auditors identified three material internal control weaknesses pertaining to inadequate time effort reporting, outdated employee files, and financial management and reporting reconciliation differences. The auditors also identified two material instances of noncompliance with the award terms and applicable laws and regulations. One of the two material instances of noncompliance relates to executive order number 13224. The auditors said that the auditee subsequently provided them with the proper documents and cleared the full amount of the questioned costs and the internal control findings.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities. American Jewish Joint Distribution Committee has no open awards with USAID. USAID/OIG ME/EE regional office is not including a procedural recommendation regarding the two material instances of noncompliance. However, if USAID/West Bank and Gaza considers future awards to the auditee, it should ensure that adequate policies and procedures are established and implemented to address these findings, as detailed on pages 20 to 22 of the audit report.

During our desk review, we noted a minor issue which the audit firm will need to address in its future audit reports. We presented this issue in a letter to the controller dated June 28, 2021.

The report did 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").