



MEMORANDUM

DATE: March 24, 2019

TO: USAID/West Bank and Gaza, Mission Director, Monica Stein-Olson

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, Saiming T. Wan /s/

SUBJECT: Fund Accountability Statement Audit of USAID Resources Managed by IntraHealth International, Inc. in West Bank and Gaza, Cooperative Agreement AID-294-LA-13-00001, "Palestinian Health Capacity Project (PHCP)", July 1, 2016, to June 30, 2017 (8-294-19-042-R)

This memorandum transmits the final report on the Fund Accountability Statement Audit of USAID Resources Managed by IntraHealth International, Inc., Cooperative Agreement AID-294-LA-13-00001, "Palestinian Health Capacity Project (PHCP)", July 1, 2016, to June 30, 2017. IntraHealth contracted with the independent certified public accounting firm Deloitte & Touche (M.E.) to conduct the audit. The audit firm stated that the contract required them to perform the audit in accordance with generally accepted government auditing standards (GAGAS) and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm states that it performed its audit in accordance with GAGAS except that it did not participate in an external quality control review since no such program is offered by professional organizations in the 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

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. However USAID/WBG, per USAID guidance, has elected to follow the OIG Guidelines until the Agency issues its own Audit Guide.

IntraHealth International's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) test to determine compliance with antiterrorism E.O. 13224, and its related AAPDs, and Mission Orders; (3) evaluate IntraHealth's internal controls; (4) determine whether IntraHealth complied with award terms and applicable laws and regulations, including compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism; (5) test to determine whether IntraHealth correctly charged indirect costs to USAID, and (6) determine if IntraHealth has taken adequate corrective action on prior audit report recommendations if applicable. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$2,375,066, from July 1, 2016, to June 30, 2017.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The Auditors did not identify any material internal control weaknesses or any material instances of noncompliance with the award terms conditions, and applicable laws and regulations. In addition, the auditors reviewed the cost sharing schedule and reported no issues with it. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not contain 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").

² 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.