



*Office of Inspector General*

## MEMORANDUM

**DATE:** December 3, 2018

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

**FROM:** Assistant Director Middle East/Eastern Europe Regional Office/Frankfurt,  
David Thomanek /s/

**SUBJECT:** Fund Accountability Statement Closeout Audit of the Local Costs Incurred Under SMART-X Project Managed by the Kaizen Company, in West Bank and Gaza, Cooperative Agreement AID-294-A-14-00006, October 1, 2015, to September 11, 2016 (8-294-19-011-R)

This memorandum transmits the final report of the fund accountability statement closeout audit of the local costs incurred under SMART-X project managed the Kaizen Company, in West Bank and Gaza, cooperative agreement AID-294-A-14-00006, from October 1, 2015, to September 11, 2016. The auditee contracted with the independent certified public accounting firm PricewaterhouseCoopers Palestine Limited to conduct the audit.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except for not participating in an external quality control review program. The audit firm explained that West Bank and Gaza does not offer such a review program.

The audit firm is responsible for the enclosed auditor's 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 controls; or its compliance with the award, laws, and regulations.<sup>1</sup>

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<sup>1</sup> 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 audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period from October 1, 2015, to September 11, 2016 was fairly presented, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether auditee complied with applicable laws and regulations. The audit tested the auditee's compliance with Executive Order 13224 - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the audit objectives, the auditors performed the subject financial audit that covered \$464,765 for the period from October 1, 2015, to September 11, 2016.

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 agreement terms and applicable laws and regulations. The auditors did not identify any material instances of noncompliance with Executive Order 13224. Further, the audit firm issued a management letter.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff during the engagement.

The 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").