



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** August 24, 2022

**TO:** USAID/West Bank and Gaza Acting Mission Director, Jessica Zaman

**FROM:** USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

**SUBJECT:** Closeout Audit of the Fund Accountability Statement of Beit Issie Shapiro-Amutat Avi, Ma'an, Beyahad and Together Project in West Bank and Gaza, Cooperative Agreement AID-294-A-00-13-00011, January 1 to August 20, 2016 (8-294-22-024-R)

This memorandum transmits the final report on the closeout audit of the fund accountability statement of Beit Issie Shapiro-Amutat Avi, Ma'an, Beyahad and Together project in West Bank and Gaza, cooperative agreement AID-294-A-00-13-00011, from January 1 to August 20, 2016. The auditee contracted with the independent audit firm PricewaterhouseCoopers, Ramallah to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. government auditing standards. However, it did not have an external quality control review program because professional organizations in West Bank and Gaza do not offer such a program. The audit firm is responsible for the enclosed 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>

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 control; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$362,042, from January 1 to August 20, 2016.

The audit firm disclaimed its opinion on the fund accountability statement due to significant lack of supporting documents. The audit firm questioned \$108,025 (\$77,751 of unsupported costs, and \$30,274 of cost share contribution shortfall). The audit firm identified one material internal control weakness related to lack of supporting documents and four material instances of

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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.

noncompliance with the agreement's terms, conditions and applicable laws and regulations. The last page of the report included personally identifiable information (PII).

During our desk review, we noted material reporting omissions. If the audit report had been submitted on time—it was due in May 2017—we would have rejected the report and required corrections. However, since the project ended in 2016, correcting the reporting would have limited value. We presented these areas in a memo to the controller, dated August 24, 2022.

To address the issues identified in the report, we recommend that USAID/West Bank and Gaza:

**Recommendation 1.** Determine the allowability of the questioned \$108,025 (\$77,751 unsupported costs and \$30,274 cost share contribution shortfall) on pages 15, 18, and 19 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Beit Issie Shapiro-Amutat Avi corrects the material weakness in internal control detailed on pages 18 and 19 of the audit report.

**Recommendation 3.** Verify that Beit Issie Shapiro-Amutat Avi corrects the four instances of material noncompliance detailed on pages 14-17 of the audit report and determine the allowability and recover, as appropriate, any related questioned costs.

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").