



MEMORANDUM

DATE: July 2, 2018

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

FROM: Acting Regional Inspector General/Frankfurt, David A. Thomanek /s/

SUBJECT: Fund Accountability Statement Audit of USAID Resources Managed by the Palestinian Authority through the Ministry of Finance Under Cash Transfer, Grant Agreement 294-CT-00-16-00002-00, July 12 to August 23, 2016 (8-294-18-010-N)

This memorandum transmits the final audit report on the audit of the fund accountability statement of USAID resources managed by the Palestinian Authority through the Ministry of Finance (MoF) under cash transfer, grant agreement 294-CT-00-16-00002-00, from July 12 to August 23, 2016. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte & Touche to conduct the audit.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program and did not have a continuing education program that fully satisfies the standards' requirements. The audit firm explains that West Bank does not offer such a review program. With respect to the continuing education program, the audit firm states that they did not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours. 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 control; or its compliance with the award, laws, and regulations.¹

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 audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement from July 12 to August 23, 2016, was presented fairly, in all material respects; (2) evaluate the MoF's internal controls; and (3) determine whether the documents in support of the direct payments made by USAID on behalf of MoF are in compliance with the award terms and applicable laws and regulations including; MoF's bi-weekly reports.. To answer the audit objectives, the auditors performed the subject financial audit that covered \$40,000,000 in expenditures from July 12 to August 23, 2016.

The audit firm expressed an unmodified opinion on the fund accountability statement and did not identify any question costs. The audit firm did not identify any significant deficiencies or material weaknesses in internal control. The audit firm did not identify any material instances of noncompliance with the award terms and applicable laws and regulations.

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").

Enclosed: a/s