



Office of Inspector General

MEMORANDUM

DATE: December 09 2018

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

FROM: Acting Audit Director/Middle East/Eastern Europe Regional Office (Frankfurt),
Saiming T. Wan /s/

SUBJECT: Fund Accountability Statement Audit of Locally Incurred Costs by Hagar, Education for All, Cooperative Agreement AID-294-A-13-00008, March 1, 2016 to December 31, 2016 (8-294-19-014-R)

This memorandum transmits the final audit report on the Education for All Program, Cooperative Agreement AID-294-A-13-00008, from March 1, 2016 to December 31, 2016. Hagar contracted with 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 program as West Bank and Gaza does not offer such a program. In addition, the audit firm does not have a continuing education program that fully complies with GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Hagar's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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. This contracted audit, however, was initiated before that date and follows the Guidelines.

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.

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) evaluate Hagar's internal controls; (3) determine whether Hagar complied with award terms and applicable laws and regulations; and (4) determine if Hagar took corrective actions to address prior audit recommendations. To answer the audit objectives, the audit firm reported that they examined the fund accountability statement and tested relevant balances, tested internal controls related to project activities, and performed tests for compliance. The audit covered \$46,250 for the period from March 1, 2016 to December 31, 2016.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. 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 did not test the recipient's compliance with Executive Order 13224 since it was not applicable to that program.

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").