



MEMORANDUM

DATE: December 9, 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: Closeout Audit of Leadership and Teacher Development Managed by AMIDEAST
under Cooperative Agreement 294-A-12-00006, October 1, 2016 to June 30,
2018 (8-294-19-015-R)

This memorandum transmits the final closeout audit report on Cooperative Agreement 294-A-12-00006, Leadership and Teaching Development, for the period, October 1, 2016 to June 30, 2018. The AMIDEAST contracted with the independent certified public accounting firm Deloitte & Touche (M.E.) to conduct the audit. The audit firm stated that the contract required the audit firm 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 generally accepted government auditing standards except that the audit firm did not have an external peer review that fully complies with GAGAS requirements 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 AMIDEAST'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¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

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 the AMIDEAST's internal controls; (3) determine whether AMIDEAST complied with award terms and applicable laws and regulations, and (4) has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to the project, compliance with applicable laws, regulations, the agreement's provisions, and reviewed project expenditures. 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. The audit covered \$6,630,250 in USAID expenditures for the audited period October 1, 2016 to June 30, 2018.

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, and did not identify any questioned costs. The audit firm did not identify any material weaknesses in internal control, or any material instances of noncompliance with the award terms and applicable laws and regulations. The audit firm did not identify any material instances of noncompliance with Executive Order 13224. Further, the audit firm issued a management letter.

The audit 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").