



Office of Inspector General

MEMORANDUM

DATE: December 18, 2018

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

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

SUBJECT: Fund Accountability Statement Audit of Locally Incurred Costs managed by the American Near East Refugee Aid (ANERA), Palestinian Community Infrastructure Development Program, Cooperative Agreement AID-294-A-13-00005-00, June 1, 2017 to May 31, 2018 (8-294-19-024-R)

This memorandum transmits the final audit report on the Palestinian Community Infrastructure Development Program, Cooperative Agreement AID-294-A-13-00005-00, from June 1, 2017 to May 31, 2018. ANERA contracted with PricewaterhouseCoopers 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 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 ANERA'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¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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 ANERA's internal controls; (3) determine whether ANERA complied with award terms and applicable laws and regulations, including compliance with Executive Order 13224—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism; (4) review the cost share schedule; and (5) determine if ANERA 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 \$10,568,541 for the period from June 1, 2017 to May 31, 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. 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 also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not contain any recommendations for your action.

We appreciate the assistance extended during the engagement.

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