



## MEMORANDUM

**DATE:** February 19, 2019

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

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

**SUBJECT:** Fund Accountability Statement Audit of Peres Center for Peace and Innovation Under Business to Business Project in West Bank and Gaza, Cooperative Agreement AID-294-A-15-00007, September 16, 2015, to December 31, 2016 (8-294-19-028-R)

This memorandum transmits the final report of the fund accountability statement audit of Peres Center for Peace and Innovation (PCPI) under business to business project in West Bank and Gaza, cooperative agreement No. AID-294-A-15-00007, September 15, 2015 to December 31, 2016. The auditee contracted with the independent certified public accounting firm PricewaterhouseCoopers to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.<sup>1</sup>

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except for not participating in an external quality control review program. The audit firm explained that West Bank and Gaza does not offer such a review program; however, they participate in PricewaterhouseCoopers worldwide internal quality control review program, which requires their office to be subjected, every three years, to an

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<sup>1</sup> On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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. [As applicable, include: "This contracted audit, however, was initiated before that date and follows the Guidelines".]

extensive quality control review by other affiliate offices. In addition, sample of PricewaterhouseCoopers audit files is subject to review by partners and managers from other offices. We do not express an opinion on PCPI's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations<sup>2</sup>

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period September 16, 2015, to December 31, 2016, was presented fairly, in all material respects (2) evaluate the PCPI management internal control; (3) determine whether PCPI management complied with award terms and applicable laws and regulation and (4) determine if PCPI has taken adequate corrective action on prior audit report recommendation. The auditors also tested the auditee's compliance with Executive Order 13224- Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism. To answer the audit objectives, the audit firm performed the subject audit that covered \$312,675 for the period from September 16, 2015 to December 31, 2016.

The audit firm concluded that the Peres Center for Peace and Innovation fund accountability statement presented fairly, in material respects, program revenues and costs incurred under the award for the period audited. The audit firm did not identify any questioned cost. The audit firm did not identify any material internal control weaknesses and significant deficiencies in internal control; and the audit firm also did not identify any instances of material noncompliance with Executive Order 13224. Further the audit firm issued a management letter.

The report does not contain any recommendations for your action.

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").

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<sup>2</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.