



## MEMORANDUM

**DATE:** February 25, 2019

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

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

**SUBJECT:** Fund Accountability Statement Audit of Chemonics's Enhanced Palestinian Justice Program, in West Bank & Gaza, Contract AID-294-C-13-00006, January 1 to December 31, 2016 (8-294-19-030-R)

This memorandum transmits the final report on Fund Accountability Statement Audit of Chemonics's Enhanced Palestinian Justice Program, in West Bank & Gaza, Contract AID-294-C-13-00006, January 1 to December 31, 2016. Chemonics 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 (GAGAS) 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 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

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 On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

Chemonics'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 audited, was presented fairly, in all material respects; (2) evaluate Chemonics's internal controls; (3) determine whether Chemonics 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; and (4) Determine if Chemonics has taken adequate corrective action on prior audit report recommendations if applicable. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,821,786, from January 1 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 except for one immaterial deficiency in internal control regarding managing and controlling its bank accounts. The auditors also did not identify any material instances of noncompliance with Executive Order 13224. A management letter was issued.

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").

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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.