



Office of Inspector General

MEMORANDUM

DATE: March 14, 2019

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

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Fund Accountability Statement Closeout Audit of USAID Resources Managed by An-Najah National University, Center for Excellence in Learning and Teaching, Subaward 256, Under Prime, AMIDEAST, Palestinian Faculty Development Program in West Bank and Gaza, Cooperative Agreement 294-A-00-05-00234-00, February 1, 2011, to June 30, 2012 (8-294-19-031-R)

This memorandum transmits the final report of the fund accountability statement closeout audit of An-Najah National University, Center for Excellence in Learning and Teaching, subaward 256, under prime, AMIDEAST, Palestinian Faculty Development Program in West Bank and Gaza, cooperative agreement 294-A-00-05-00234-00, from February 1, 2011, to June 30, 2012. The auditee contracted with the independent certified public accounting firm Talal Abu - Ghazaleh & Co. to conduct the audit.

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. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its internal controls; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly 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 auditee's internal controls; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations, including compliance with Executive Order 13224 –

¹ 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.

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 financial audit that covered \$619,924, for the period from February 1, 2011, to June 30, 2012.

The auditors expressed a modified opinion on the fund accountability statement and questioned \$4,552 (\$4,222 ineligible and \$330 unsupported). The audit firm did not identify any material internal control weaknesses but identified four material instances of noncompliance related to An-Najah National University: 1) paying Value Added Taxes; 2) incurring costs with no supporting documents; 3) using and charging incorrect training courses' rates; and 4) not submitting Value Added Taxes refund sheets and sub-award reports. The auditors did not identify any material instances of noncompliance with Executive Order 13224. Further, the audit firm issued a management letter. The auditors said that An-Najah National University refunded the entire \$4,552 of questioned costs to AMIDEAST, but we could not verify that AMIDEAST subsequently refunded that amount to USAID.

Since the award under audit ended and USAID has no other current awards or subawards with An-Najah National University, USAID OIG ME/EE Regional Office is not including any procedural recommendations regarding the material instances of noncompliance. However, before USAID/West Bank and Gaza considers other awards to An-Najah National University, it should ensure that adequate policies and procedures are implemented to address these findings, as detailed on pages 21 to 26 of Talal Abu – Ghazaleh & Co.'s report.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a letter to the controller, dated March 14, 2019.

To address the issues identified in the report, we recommend that USAID/West Bank and Gaza:

Recommendation I: Determine the allowability, and collect as appropriate, \$4,552 in questioned costs, (\$4,222 ineligible, and \$330 unsupported), as detailed on pages 13 and 14 of Talal Abu-Ghazaleh & Co. report.

We ask that you provide your written notification of actions planned or taken to reach a management decision. We appreciate the assistance extended to the audit staff during the engagement.

The 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").