



MEMORANDUM

DATE: April 16, 2019

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

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, Saiming T. Wan /s/

SUBJECT: Fund Accountability Statement Closeout Audit of USAID Resources Managed by Near East Foundation, Under Youth Agribusiness Partnership Program in West Bank and Gaza, Cooperative Agreement 294-A-13-00015, January 1 to August 23, 2016 (8-294-19-052-R)

This memorandum transmits the final report on the fund accountability statement closeout audit of USAID resource managed by Near East Foundation, under Youth Agribusiness Partnership Program in West Bank and Gaza, Cooperative Agreement 294-A-13-00015, January 1 to August 23, 2016. The auditee contracted with the independent certified public accounting firm Talal Abu-Ghazaleh & Co. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards. The principal audit criterion was the Office of Inspector General's (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 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 the Talal Abu-Ghazaleh International (TAGI) Internal quality control program which requires their offices to be subjected every year to an extensive quality control review by partners and managers from regional or other TAGI offices.

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on NEF's fund accountability statement; the effectiveness of its Internal control; or its compliance with the award, laws, and regulations.²

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 NEF's internal controls; (3) determine whether NEF 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) review the cots sharing contribution to determine if such contribution were provided and disbursed. To answer the audit objectives, the audit firm performed the subject audit that covered \$352,679, January 1 to August 23, 2016.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material internal control weaknesses or significant deficiency in internal control; the audit firm did not identify any material instances of noncompliance with the agreement terms, applicable laws and regulations, and the Executive Order 13224 and Restriction of Taxing Foreign Assistance; and the audit firm did not identify any finding related to the cost sharing schedule.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff 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").

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.