



MEMORANDUM

DATE: May 13, 2019

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

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

SUBJECT: Fund Accountability Statement Audit of Catholic Relief Services, Under Envision Gaza 2020 Program in West Bank and Gaza, Cooperative Agreement AID-294-A-16-00002, April 21, 2016 to September 30, 2017 (8-294-19-021-N)

This memorandum transmits the final audit report on the fund accountability statement of Catholic Relief Services under Envision Gaza 2020 program in West Bank and Gaza, cooperative agreement AID-294-A-16-00002, April 21, 2016 to September 30, 2017. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Ernst & Young, Ramallah, Palestine 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.¹

The audit firm stated that it performed the audit in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program that fully satisfies the standards' requirements and did not have a continuing education program that fully satisfies the requirements of chapter 3, paragraph 3.82 and 3.96 of the auditing standards. The audit firm stated that West Bank and Gaza does not offer such a review program. The audit firm is responsible for the enclosed report and the conclusions

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

expressed in it. We do not express an opinion on Catholic Relief Services' fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.²

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 Catholic Relief Services' internal controls; and (3) determine whether Catholic Relief Services complied with award terms and applicable laws and regulations, and (4) determine if Catholic Relief Services took corrective actions to address prior audit recommendations. The audit objectives also included testing Catholic Relief Services' 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 \$5,355,840 for the period from April 21, 2016 to September 30, 2017.

The audit firm concluded that the fund accountability statement was presented fairly, in all material respects, for the period audited. The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with the subcontract terms, conditions, and applicable laws and regulations and did not identify any questioned costs. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not contain any recommendations.

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").

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.