



Office of Inspector General

MEMORANDUM

DATE: May 12, 2019

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

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

SUBJECT: Closeout Audit of Fund Accountability Statement of Tsofen – High Technology Centers Ltd, Under Building Equitable and Suitable Relations Through Hi Tech Project, Cooperative Agreement AID-294-A-14-00010, January 1, to September 22, 2017 (8-294-19-065-R)

This memorandum transmits the final audit report on the closeout of fund accountability statement of Tsofen – High Technology Centers Ltd, under building equitable and suitable relations through hi tech project, cooperative agreement AID-294-A-14-00010, January 1 to September 22, 2017. Tsofen – High Technology Centers Ltd contracted with Deloitte & Touche (M.E.), to conduct the audit. The audit firm stated that the contract required them 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 examination 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, paragraphs 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 expressed in it. We do not express an opinion on Tsofen – High Technology Centers Ltd fund

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

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 Tsofen – High Technology Centers Ltd.'s internal controls; (3) determine whether Tsofen – High Technology Centers Ltd, complied with award terms and applicable laws and regulations; review cost sharing contributions; and (4) determine if Tsofen – High Technology Centers Ltd, took corrective actions to address prior audit recommendations. To answer the audit objectives, the audit firm reported that they examined the fund accountability statement and tested relevant balances, tested internal controls related to project activities, and performed tests for compliance. The audit covered \$292,264 for the period from January 1, to September 22, 2017.

The audit firm concluded the fund accountability statement 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 award terms conditions, and applicable laws and regulations and did not identify any questioned costs. In addition, the auditors reviewed the cost sharing schedule and reported no issues with it. The auditors did not test the recipient's compliance with Executive Order 13224 since it was not applicable to that program.

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

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.