



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, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Closeout Audit of Gaza 2020: Health Matters, Managed by Cooperative For Assistance & Relief Everywhere Inc., Sub-award No. 103049.100.51, under Prime International Medical Corps. Award No. AID-294-A-16-00001, July 1, 2017, to October 31, 2018 (8-294-19-066-R)

This memorandum transmits the final audit report on the closeout audit of fund accountability statement for sub-award no. 103049.100.51, under prime award no. AID-294-A-16-00001 “Gaza 2020: Health Matters” in West Bank and Gaza, from July 1, 2017, to October 31, 2018. International Medical Corps (prime contractor) contracted with Deloitte & Touche (M.E.) to conduct the audit for the sub-award managed by Cooperative For Assistance & Relief Everywhere Inc. (CARE). 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 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 CARE’s

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency’s role to impose requirements on its implementing partners and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

fund accountability statement; the effectiveness of its internal control; or its compliance with the sub-award terms, and applicable 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 CARE's internal controls; (3) determine whether CARE complied with sub-award terms, and applicable laws and regulations, including Executive Order 13224—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism; and (4) has taken adequate corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm reported that they assessed and tested the internal controls related to the project, compliance with applicable laws, regulations, the agreement's provisions, and reviewed project expenditures. The audit covered \$2,453,256 in USAID expenditures for the audited period July 1, 2017, to October 31, 2018.

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. 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. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

The report does not include any recommendations for your action.

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").

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.