



Office of Inspector General

MEMORANDUM

DATE: July 11, 2019

TO: USAID/West Bank and Gaza, Acting Mission Director, Courtney Chubb

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

SUBJECT: Cost Representation Statement Closeout Audit of Al Nasher Technical Services Est. Under Contract AID-294-C-12-00006, Public Outreach Program in West Bank and Gaza, July 1, 2016 to June 3, 2017 (8-294-19-089-R)

This memorandum transmits the final report on cost representation statement closeout audit of Al Nasher Technical Services Est. (Al Nasher) under contract AID-294-C-12-00006, Public Outreach program in West Bank and Gaza, July 1, 2016 to June 3, 2017. Al Nasher contracted with the independent certified public accounting firm Ernst & Young, Ramallah, Palestine, to conduct the audit. The audit firm stated that the contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program, that fully satisfy the requirements of the auditing standards. The audit firm explained that professional organizations in West Bank and Gaza do not offer the program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Al Nasher's cost representation statement; the effectiveness of its internal control; or its compliance with the contract, laws, and regulations.¹

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.

The audit objectives were to: (1) express an opinion on whether Al Nasher's incurred costs for the period audited were allowable, reasonable, and allocable to the contract; (2) evaluate Al Nasher's internal controls; and (3) determine whether Al Nasher complied in all material respects with the contract terms and applicable laws and regulations; and (4) determine if Al Nasher took corrective action to address prior audit report recommendations. The objectives also included testing Al Nasher's 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 examined the cost representation statement and tested relevant balances, tested internal controls related to project activities, and performed tests for compliance. The audit covered \$351,105 for the period from July 1, 2016 to June 3, 2017.

The audit firm concluded that the cost representation statement presented fairly, in all material respects, costs incurred under the contract for the period audited and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses, or any material instances of noncompliance with the contract terms, and applicable laws and regulations. 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”).