



MEMORANDUM

DATE: July 18, 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: Financial Audit of the Cost Representation Statement of Chemonics International Inc, Enhanced Palestinian Justice Program in West Bank and Gaza, Under Contract 294-C-13-00006, January 1 to December 31, 2017 (8-294-19-093-R)

This memorandum transmits the final audit report on the cost representation statement of Chemonics International Inc, (Chemonics) under contract 294-C-13-00006, Enhanced Palestinian Justice Program (EPJP)", in West Bank and Gaza from January 1 to December 31, 2017. Chemonics contracted with the independent certified public accounting firm El Wafa Company, 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 Chemonics' cost representation statement; the effectiveness of its internal control; or its compliance with the award, 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 Chemonics' locally incurred costs for the period audited were allowable, reasonable and allocable to the contract; (2) evaluate Chemonics' internal controls; (3) determine if Chemonics' complied with the contract terms and applicable laws and regulations; (4) determine if Chemonics took corrective actions to address prior audit report recommendations. The objectives also included testing Chemonics' 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 reported that they examined the cost representation statement and tested relevant balances, tested internal controls related to project activities, and performed tests for compliance. The audit covered \$2,835,449 for the period from January 1 to December 31, 2017.

The audit firm concluded the cost representation statement presented fairly, in all material respects, program revenues and costs incurred under the award 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 award 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 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”).