



MEMORANDUM

DATE: August 26, 2019

TO: USAID/West Bank and Gaza, Acting Mission Director, Dana Rose

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

SUBJECT: Closeout Examination of Palestine for Credit and Development Company (FATEN) Compliance With Terms and Conditions of Loan Guarantee 294-DCA-11-002, DCA Activity in West Bank and Gaza, July 1, 2014 to March 31, 2016 (8-294-19-034-O)

This memorandum transmits the final report on the closeout examination of Palestine for Credit and Development Company (FATEN) compliance with terms and conditions of USAID resources under Loan Guarantee 294-DCA-11-002 in West Bank and Gaza, from July 1, 2014 to March 31, 2016. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte & Touche (M.E), Ramallah, Palestine to conduct the engagement.

The audit firm states that it performed its engagement in accordance with generally accepted government auditing standards (GAGAS), except for not having continuing education program that fully satisfy the requirements set forth in GAGAS and for not participating in an external quality control review program. The audit firm explained 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 Palestine for Credit and Development Company (FATEN)'s internal controls effectiveness or its compliance with the guarantee commitment agreement terms and conditions.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 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 engagement performed.

The examination objectives were mainly to: (1) express an opinion on the Palestine for Credit and Development Company (FATEN)'s compliance with guarantee commitment agreement terms and conditions related to USAID funding, including testing compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism; (2) evaluate Palestine for Credit and Development Company (FATEN)'s internal controls; and (3) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of the loan guarantee.

To answer the examination objectives, the auditors performed the subject examination engagement that covered the period from July 1, 2014, to March 31, 2016.

The auditors identify one material instance of noncompliance with Executive Order 13224. The auditors did not identify any material weakness in internal controls. .

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, Palestine for Credit and Development Company (FATEN) had its activities terminated and currently has no open awards with USAID. USAID OIG ME/EE Regional Office is not including procedural recommendations regarding the one material noncompliance instances. However, if USAID/West Bank and Gaza considers future awards to Palestine for Credit and Development Company (FATEN), it should ensure that adequate policies and procedures are implemented to address this finding, as detailed on page 11 of Deloitte & Touche (M.E)'s report.

Accordingly, the report does not include 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”).