



MEMORANDUM

DATE: August 7, 2019

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

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

SUBJECT: Audit of the Fund Accountability Statement of USAID Resources Managed by St. John Eye Hospital, Improving Eye Care Services for Palestinians Project in West Bank and Gaza, Cooperative Agreement AID-294-A-13-00002, April 1, 2015, to March 31, 2016 (8-294-19-105-R)

This memorandum transmits the final report on the audit of the fund accountability statement of USAID resources managed by St. John Eye hospital, Improving Eye Care Services for Palestinians Project in West Bank and Gaza, cooperative agreement AID-294-A-13-00002, from April 1, 2015, to March 31, 2016. The auditee contracted with the independent certified public accounting firm El Wafa Company to conduct the audit. The contract required the audit firm to conduct the audit in accordance with generally accepted government auditing standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards, except 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.

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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

We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its Internal control; or its compliance with the award, laws, and regulations.²

The audit objectives were mainly 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 auditee's internal controls; and (3) determine whether the auditee complied with the award terms and applicable laws and regulations, including 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 performed the subject financial audit that covered \$631,229 for the period from April 1, 2015, to March 31, 2016.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material internal control weaknesses but identified one material instance of noncompliance related to St. John Eye Hospital not obtaining prior written approval from the agreement officer representative for key personnel changes. The audit firm did not identify any instances of non-compliance with Executive Order 13224.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, St. John Eye Hospital had its activities terminated and currently has no open awards with USAID. USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office is not including a procedural recommendation regarding the material noncompliance instance. However, if USAID/West Bank and Gaza considers future awards to St. John Eye Hospital, it should ensure that adequate policies and procedures are implemented to address this finding, as detailed on pages 18 and 19 of El Wafa Company's report.

We appreciate the assistance extended 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.