



MEMORANDUM

DATE: September 29, 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: Audit of the Fund Accountability Statement of USAID Resources Managed by Sikkuy, Opening Hearts and Homes: Tourism for Equal and Shared Society Between Arab and Jewish Citizens of Israel Program, Cooperative Agreement AID-294-A-13-00010, September 18, 2013, to September 30, 2014 (8-294-19-120-R)

This memorandum transmits the final audit report on the fund accountability statement of USAID resources managed by Sikkuy, Opening Hearts and Homes: Tourism for Equal and Shared Society Between Arab and Jewish Citizens of Israel program, cooperative agreement AID-294-A-13-00010, from September 18, 2013, to September 30, 2014. The auditee contracted with the independent certified public accounting firm Ernst & Young – Middle East to conduct the audit.

The audit firm states that it performed its engagement in accordance with the U.S. Government Auditing Standards, except that it did not participate in an external quality control review program since 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 the auditee's fund accountability statement, internal controls effectiveness 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 report itself and excludes review of the audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the engagement performed.

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 testing the awardee'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 performed the subject engagement that covered \$186,523 for the period from September 18, 2013, to September 30, 2014.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses, but identified one material instance of noncompliance related to Sikkuy not submitting Value Added Taxes invoices and reports to USAID. USAID asked the audit firm to refrain from making a finding regarding this non-compliance issue since the Government of Israel is no longer refunding these Value Added Taxes. The auditee is not subject to Executive Order 13224 and Mission Order 21 because the program falls outside the scope of the mandatory provisions underlying Mission Order 21. Further, the audit firm issued a management letter.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, Sikkuy had its activities terminated and currently has no open awards with USAID. USAID OIG ME/EE Regional Office is not including a procedural recommendation regarding the material instance of noncompliance.

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").