



MEMORANDUM

DATE: October 24, 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: Closeout Fund Accountability Statement Audit of Adam Institute, The Return of the Public Sphere in West Bank and Gaza, Cooperative Agreement AID-294-A-00-11-00009, October 1, 2013 to September 15, 2014 (8-294-20-013-R)

This memorandum transmits the final closeout audit report on the fund accountability statement of Adam Institute, The Return of the Public Sphere in West Bank and Gaza, cooperative agreement AID-294-A-00-11-00009, from October 1, 2013 to September 15, 2014. Adam Institute contracted with the independent certified public accounting firm Talal Abu Ghazaleh & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹ However, the audit firm did not have an external quality control review by an unaffiliated audit organization since no such program is offered by professional organizations in West Bank and Gaza. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Adam Institute'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 Adam Institute's internal controls; (3) determine whether the auditee complied with award

¹ On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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

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.

terms and applicable laws and regulations; and (4) review cost share contributions to determine if they were made in accordance with agreement terms. The engagement objectives also included testing Adam Institute'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 reviewed Adam Institute's incurred costs, tested internal controls, and examined the entities compliance with agreement terms, laws, and regulations. The audit covered \$356,713 for the period October 1, 2013 to September 15, 2014.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The auditors did not identify any questioned costs, material internal control weaknesses, or any material instances of noncompliance with the award terms conditions, and applicable laws and regulations. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

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").