



MEMORANDUM

DATE: February 11, 2020

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, John Vernon /s/

SUBJECT: Closeout Audit of the Fund Accountability Statement of Hope Flowers School, Peace Building Via Civil Society Cooperation for People with Disabilities in West Bank and Gaza, Cooperative Agreement 294-A-16-00009, January 1, 2018 to January 31, 2019 (8-294-20-012-N)

This memorandum transmits the final report of the closeout audit of the fund accountability statement of Hope Flowers School, Peace Building Via Civil Society Cooperation for People with Disabilities in West Bank and Gaza, cooperative agreement 294-A-16-00009, from January 1, 2018 to January 31, 2019. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte & Touche (M.E.) to conduct the audit. The audit firm stated that it performed its audit in accordance with the U.S. Government Auditing Standards issued by the Comptroller General of the United States and the audit contract's scope of work. However, it did not have an external quality control review program that fully satisfies the standards' requirements. 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 the auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations¹.

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 auditee's compliance with executive order

¹We 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.

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 total expenditures of \$521,045 from January 1, 2018, to January 31, 2019.

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 weaknesses in internal control but identified two material instances of noncompliance with the agreement terms, conditions and applicable laws and regulations. The auditors did not identify any material instances of noncompliance with Executive Order 13224.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities, and as a result, Hope Flowers School had its activities terminated and currently has no open awards with USAID/West Bank and Gaza. OIG ME/EE Regional Office is not including procedural recommendations regarding the two material noncompliance instances. However, if USAID/West Bank and Gaza considers future awards to Hope Flowers School, it should ensure that adequate policies and procedures are implemented to address these findings, as detailed on pages 24 and 25 of Deloitte & Touche (M.E.) report.

During our desk review, we noted one minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the Controller, dated February 11, 2020.

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”).