



MEMORANDUM

DATE: February 24, 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 USAID Resources Managed by Social Impact Inc., The Youth Cohort Study in West Bank and Gaza, Task Order AID-294-TO-16-00004, January 1, 2018 to January 31, 2019 (8-294-20-015-N)

This memorandum transmits the final closeout audit report of the fund accountability statement of USAID resources managed by Social Impact Inc., The Youth Cohort Study in West Bank and Gaza, task order AID-294-TO-16-00004 from January 1, 2018 to January 31, 2019. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Ernst and Young-Middle East 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. 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 Social Impact's locally incurred costs for the period from January 1, 2018 to January 31, 2019 were allowable, reasonable, and allocable to the Task Order; (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 13224 – Blocking Property and Prohibiting

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.

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 \$73,359 from January 1, 2018 to January 31, 2019.

The auditors expressed an unmodified opinion on the find 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 with Mission Order 21 and Executive Order 13224 related to the auditee not properly signing and cross-referencing mandatory clauses to the contract. In addition, the auditor identified one significant internal control deficiency related to the improper documentation of sub-consultants vetting approvals. The audit firm said that corrective actions were taken by the auditee on both findings.

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").