



MEMORANDUM

DATE: April 22, 2020

TO: USAID/ West Bank and Gaza, Acting Mission Director, Courtney Chubb

FROM: USAID/OIG Middle East and Eastern Europe (M/EE) Regional Office, USDH NFA Coordinator, John Vernon /s/

SUBJECT: Closeout Fund Accountability Statement Audit of Mercy Corps, Impact Through Technology 2 in West Bank and Gaza, Cooperative Agreement AID-294-A-14-00005, January 1, 2016 to November 15, 2016 (8-294-20-059-R)

This memorandum transmits the final closeout audit report on the fund accountability statement of Mercy Corps, Impact Through Technology 2 in West Bank and Gaza, cooperative agreement AID-294-A-14-00005, from January 1, 2016 to November 15, 2016. Mercy Corps 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. However, it did not have an external quality control review program and did not have a continuing education program that fully satisfies the standards' requirements. The auditors stated that West Bank and Gaza does not offer such a review program. With respect to the continuing education program, the audit firm said that they could not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Mercy Corps' fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

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 –

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 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.

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 \$560,698 for the period from January 1, 2016 to November 15, 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 weaknesses in internal control, or any material instances of noncompliance with the agreement terms and applicable laws and regulations. The auditors also did not identify any material instances of noncompliance with Executive Order 13224.

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").