



## MEMORANDUM

**DATE:** May 7, 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:** Examination of Ta'awon Palestinian Conflict Resolution Institute's Compliance with AID-294-F-16-00001, Partnership for Social Accountability Program in West Bank and Gaza, July 1, 2017 to June 30, 2018 (8-294-20-024-O)

This memorandum transmits the final report on the compliance examination of Ta'awon Palestinian Conflict Resolution Institute with terms and conditions of the fixed amount award AID-294-F-16-00001, Partnership for Social Accountability program in West Bank and Gaza, for the period from July 1, 2017 to June 30, 2018. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Ernst and Young - Middle East to conduct the examination. The audit firm stated that it performed the examination in accordance with U.S. Government Auditing Standards for attestation engagements and the attestation standards established by the American Institute of Certified Public Accountants. However, it did not participate in an external quality control review program because 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 examined organization's internal control effectiveness or its compliance with the award terms, laws, and regulations.<sup>1</sup>

The engagement objectives were mainly to: (1) determine whether the examined organization complied with the terms and conditions of the award and applicable laws and regulations including compliance with Executive Order 13224 – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism and (2) provide reasonable assurance of detecting fraud, illegal acts, or violations of provisions of

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<sup>1</sup> 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 auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the engagement performed.

the award. To answer the engagement objectives the audit firm performed the subject examination engagement that covered the period from July 1, 2017 to June 30, 2018.

The auditors did not identify any material internal control weaknesses but identified two material instances of noncompliance with the award terms and conditions. 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. Ta'awon Palestinian Conflict Resolution Institute currently has no open awards with USAID. Accordingly, USAID/OIG ME/EE Regional Office is not including a procedural recommendation regarding the material instances of noncompliance. However, if USAID/West Bank and Gaza considers future awards to Ta'awon Palestinian Conflict Resolution Institute it should ensure that adequate controls are established and implemented to address the findings, as detailed on pages 10 and 11 of the examination report. Although we are not making a recommendation for the significant deficiencies noted in the report, if USAID/West Bank and Gaza considers future awards to the examined entity, we suggest that it determines if it addressed the issues noted. Further, the auditor issued a management letter.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented these issues in a letter to the controller dated May 7, 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").