



MEMORANDUM

DATE: May 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 on Kids Creating Peace, Wings of Peace Project in West Bank and Gaza, Cooperative Agreement AID-294-A-14-00011, October 1, 2015 to September 23, 2016 (8-294-20-063-R)

This memorandum transmits the final closeout audit of the fund accountability statement on Kids Creating Peace, Wings of Peace-Palestinian and Israeli Youth's Butterfly Effect on Conflict Mitigation in the Middle East Program in West Bank and Gaza, cooperative agreement AID-294-A-14-00011, from October 1, 2015, to September 23, 2016. The auditee contracted with the independent certified public accounting firm Ernst and Young to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. 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 auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, 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

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. A quality control review was conducted on the audit firm, covering this engagement.

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 – 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 \$270,119, for the period from October 1, 2015, to September 23, 2016.

The audit firm 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 the internal control system. The audit firm identified one material instance of noncompliance with E.O. 13224 and two internal control significant deficiencies. As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities. Kids Creating Peace currently has no open awards with USAID. Accordingly, USAID OIG ME/EE regional office is not including procedural recommendation for the material instance of noncompliance or for the two internal control significant deficiencies. However, if USAID/West Bank and Gaza considers future awards to Kids Creating Peace, it should ensure that the auditee has adequate policies and procedures in place to address these findings, as appropriate, and as detailed on pages 17-19 of Ernst & Young audit report. Further, the audit firm issued a management letter.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff during the engagement.

The 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”).