



MEMORANDUM

DATE: November 17, 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 Palestinian Shippers Council, Business Without Boundaries Project in West Bank and Gaza, Cooperative Agreement 294-A-17-00004, September 27, 2017 to January 31, 2019 (8-294-21-004-N)

This memorandum transmits the final closeout audit report of the fund accountability statement of Palestinian Shippers Council, Business Without Boundaries project in West Bank and Gaza, cooperative agreement 294-A-17-00004, from September 27, 2017 to January 31, 2019. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte and 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 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 fairly presented, 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

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.

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 total expenditures of \$253,455 from September 27, 2017 to January 31, 2019.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses but identified two material instances of non-compliance. One of the two material instances of non-compliance is related to E.O. 13224.

As of January 31, 2019, USAID/West Bank and Gaza terminated its foreign assistance activities. Palestinian Shippers Council has no open awards with USAID. 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 the auditee, it should ensure that adequate policies and procedures are established and implemented to address these findings, as detailed on pages 14 to 15 of the audit report.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented it in a memo to the mission controller, dated November 17, 2020.

The report does not include any recommendations for your action.

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”).