



MEMORANDUM

DATE: December 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: Audit of the Fund Accountability Statement of Hand in Hand Center For Jewish-Arab Education in Israel, Widening The Circle Program in West Bank and Gaza, Cooperative Agreement AID-294-A-15-00002, September 2, 2015 to December 31, 2016 (8-294-21-009-R)

This memorandum transmits the final audit report of the fund accountability statement of Hand in Hand Center for Jewish-Arab Education in Israel, Widening the Circle: From Bilingual Arab-Jewish Schools to Civic Inclusion program in West Bank and Gaza, cooperative agreement AID-294-A-15-00002 from September 2, 2015 to December 31, 2016. The auditee 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. The audit firm explained that professional organizations in West Bank and Gaza do 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. To answer the audit objectives, the audit firm

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.

performed the subject financial audit that covered total expenditures of \$441,363 from September 2, 2015 to December 31, 2016.

The auditors expressed a qualified opinion on the fund accountability statement and identified unsupported questioned costs of \$23,534. The auditors also identified \$4,408 of unsupported cost share contributions. The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with applicable laws and regulations. The auditors said that the auditee is not subject to mission order number 21 and executive order number 13224 (Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism), as the program falls outside the scope of the mandatory provisions underlying Mission Order 21. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that USAID/West Bank and Gaza determine if the recipient addressed the issue noted. Further, the audit firm issued a management letter.

To address the questioned costs identified in the report, we recommend that USAID/West Bank and Gaza:

Recommendation 1: Determine the allowability of \$27,942 in questioned unsupported costs, (\$23,534 pertaining to the federal program funds and 4,408 pertaining to the cost share contribution), as detailed on pages 15, 16, and 21 of the audit report and recover any amount that is unallowable.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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").