



MEMORANDUM

DATE: February 22, 2021

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 Ein Dor Museum, Youth United
Against Racism Program in West Bank and Gaza, Cooperative Agreement
72029418CA00003, September 28, 2018 to December 31, 2019
(8-294-21-014-N)

This memorandum transmits the final audit report on the fund accountability statement of Ein Dor Museum, Youth United Against Racism program in West Bank and Gaza, cooperative agreement 72029418CA00003, from September 28, 2018 to December 31, 2019. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Ernst and Young-Middle East to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government auditing standards. However, it did not have an external quality control review programs that fully satisfies the standards' requirements. The audit firm explained that West Bank and Gaza does not offer an external quality control 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 controls; 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. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$432,542, from September 28, 2018 to December 31, 2019.

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.

The audit firm expressed a qualified opinion on the fund accountability statement and concluded that it except for the effect of the questioned costs, it presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The auditors identified \$1,088 of ineligible questioned costs. The audit firm did not identify any material internal control weaknesses. The audit firm identified two material instances of noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/West Bank and Gaza determine the allowability of the \$1,088 in questioned costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for significant deficiencies noted in the report, we suggest that USAID/West Bank and Gaza determine if the recipient addressed the issues noted. The audit firm issued a management letter.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a letter to the controller dated February 22, 2021.

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

Recommendation I. Verify that Ein Dor Museum, corrects the two instances of material noncompliance detailed on pages 20 and 21 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach 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").