



MEMORANDUM

DATE: March 16, 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: Closeout Audit of the Fund Accountability Statement of Unistream, Educating Tomorrow's Leaders Today Project in West Bank and Gaza, Cooperative Agreement AID-294-A-16-00008, January 1 to September 25, 2019 (8-294-21-017-N)

This memorandum transmits the final closeout audit report on the fund accountability statement of Unistream, Educating Tomorrow's Leaders Today Project in West Bank and Gaza, cooperative agreement AID-294-A-16-00008, from January 1 to September 25, 2019. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Ernst & Young-Middle East to conduct the audit. The audit firm stated that it performed the 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 auditee's internal control effectiveness 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 fairly presented, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with applicable

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.

laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$48,757 from January 1 to September 25, 2019.

The auditors expressed a qualified opinion on the fund accountability statement and identified \$861 of ineligible questioned costs. The auditors did not identify any material internal control weaknesses but identified one material instance of non-compliance with award terms and applicable laws and regulations. The auditors did not test the auditee's compliance with executive order number 13224 as the program falls outside the scope of the mandatory Provisions underlying mission order No. 21. 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 \$861 in questioned ineligible costs and recover any amount determined to be unallowable. In addition, although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that USAID/West Bank and Gaza determine if the recipient addressed these issues noted. Further, the audit firm issued a management letter.

During our desk review, we noted a minor issue which the audit firm would need to address in future audit reports. We presented this issue in a memo to the controller dated March 16, 2021. Please note that pages 26 and 27 of the audit report include personally identifiable information.

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

Recommendation I. Verify that Unistream corrects the instance of material noncompliance detailed on page 17 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").