



## MEMORANDUM

**DATE:** May 31, 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 Hand in Hand: Center for Jewish-Arab Education in Israel, Widening the Circle Project in West Bank and Gaza, Cooperative Agreement AID-294-A-15-00002, January 1 to September 2, 2018 (8-294-21-023-R)

This memorandum transmits the final closeout audit report on the fund accountability statement of Hand in Hand: Center for Jewish-Arab Education in Israel, Widening the Circle: Bilingual Arab-Jewish Schools to Civic Inclusion project in West Bank and Gaza, cooperative agreement AID-294-A-15-00002, from January 1 to September 2, 2018. The auditee contracted with the independent certified public accounting firm Mazars Chartered Accountants and Consultants 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 program because 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 controls; or its compliance with the award, laws, and regulations.<sup>1</sup>

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 \$248,504 from January 1 to September 2, 2018.

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<sup>1</sup> 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 questioned \$8,056 of ineligible costs. The audit firm identified two material internal control weaknesses pertaining to overbudgeted charging of salaries and fringe benefits of the program's top management and inadequate filing system of financial records. The audit firm also considered these two material internal control weaknesses as material instances of non-compliance. The audit firm questioned \$3,111 of unsupported cost share contribution and said that the program is not subject to Mission Order Number 21–Anti Terrorism Procedures. Since the questioned costs did not meet the OIG's established threshold of \$25,000, we are not making a questioned cost recommendation. Nevertheless, we suggest that USAID/West Bank and Gaza determine the allowability of the \$11,167 in questioned costs and recover any amount determined to be unallowable. The same material instances of noncompliance were disclosed in the prior period audit report (8-294-21-022-R) conducted by the same audit firm. We included an official procedural recommendation to USAID/West Bank and Gaza to address those findings. Accordingly, to avoid duplication, we are not including a similar procedural recommendation for this audit report. The audit firm issued a management letter. The report included personally identifiable information in Annex I: Demobilization Plan, pages 28 to 32.

During our desk review, we noted minor issues which the audit firm will need to address in its future audit reports. We presented these issues in a letter to the controller dated May 31, 2021.

The report does not contain any recommendations for your action.

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