



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: December 7, 2021

TO: USAID/West Bank and Gaza Mission Director, Aler Grubbs

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

SUBJECT: Closeout Audit of the Fund Accountability Statement of El Hawakeer Under Almond Agriculture in the Marj Ibn Amer Region Program in West Bank and Gaza, Cooperative Agreement 294-A-16-00003, January 1, 2018 to January 31, 2019 (8-294-22-004-N)

This memorandum transmits the final audit report of the fund accountability statement of El Hawakeer under Almond Agriculture in the Marj Ibn Amer Region program in West Bank and Gaza, cooperative agreement 294-A-16-00003, from January 1, 2018 to January 31, 2019. USAID/West Bank and Gaza contracted with the independent certified public accounting firm Deloitte & Touche (M.E.) to conduct the audit. The audit firm stated that it performed its audit in accordance with 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 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 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 award terms and applicable laws and regulations, including compliance with E.O. 13224. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$369,133 for the period from January 1, 2018 to January 31, 2019.

The audit firm expressed a modified opinion on the fund accountability statement and questioned \$12,063 in total unsupported costs. The audit firm identified two material instances of noncompliance with terrorist financing rules and regulations, and two material weaknesses in

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.

internal control policies and procedures pertaining to: (a) not matching the accounting records and the financial reports submitted to USAID; and (b) not adequately implementing procurement procedures. 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 \$12,063 in questioned unsupported costs and recover any amount determined to be unallowable.

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 memo to the mission controller, dated December 7, 2021.

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

Recommendation 1. Verify that El Hawakeer corrects the 2 material weaknesses in internal control detailed on pages 15 and 16 of the audit report.

Recommendation 2. Verify that El Hawakeer corrects the 2 material instances of noncompliance detailed on pages 18 and 19 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").