



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

MEMORANDUM

DATE: March 15, 2022

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

FROM: USAID/OIG Middle East and Eastern Europe (ME/EE) Regional Office,
Supervisory Auditor, John Vernon /s/

SUBJECT: Audit of the Fund Accountability Statement of Hand in Hand: Center for Jewish-Arab Education in Israel, Mainstreaming Shared Society Project in West Bank and Gaza, Cooperative Agreement 72029418CA00005, January 1, 2020, to December 31, 2020 (8-294-22-015-N)

This memorandum transmits the final audit report on the fund accountability statement of Hand in Hand: Center for Jewish-Arab Education in Israel, Mainstreaming Shared Society Project in West Bank and Gaza, cooperative agreement 72029418CA00005, from January 1 to December 31, 2020. 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 its audit in accordance with generally accepted 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 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. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$336,614 from January 1 to December 31, 2020.

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 auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses but identified one material instance of noncompliance with the agreement terms and applicable laws and regulations. In addition, the auditors said that the auditee is not subject to Executive Order 13224—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism—requirements, as the program falls outside the scope of the mandatory provisions underlying USAID/West Bank and Gaza Mission Order 21. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that the mission determine if the recipient addressed the issues noted. Further, the audit firm issued a management letter.

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

Recommendation I. Verify that Hand in Hand: Center for Jewish-Arab Education in Israel corrects the instance of material noncompliance detailed on page 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”).