



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

### MEMORANDUM

**DATE:** June 29, 2022

**TO:** USAID/West Bank and Gaza, 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 Moona, Bringing Professionals to Bridge Communities: Starter Program for Young Engineers in West Bank and Gaza, Cooperative Agreement 72029419CA00001, September 3, 2019 to December 31, 2020 (8-294-22-019-N)

This memorandum transmits the final audit report of the fund accountability statement of Moona, Bringing Professionals to Bridge Communities: Starter Program for Young Engineers in West Bank and Gaza, cooperative agreement 72029419CA00001, from September 3, 2019 to December 31, 2020. USAID/West Bank and Gaza contracted with the independent audit 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. However, it did not have an external quality control review program because professional organizations in West Bank and Gaza do not offer such a 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

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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.

performed the subject financial audit that covered \$384,090 from September 3, 2019 to December 31, 2020.

The audit firm expressed a qualified opinion on the fund accountability statement and identified \$8,851 of total ineligible questioned costs. The audit firm also identified \$1,272 of cost sharing contribution ineligible costs. The audit firm identified one material internal control weaknesses related to level of effort reporting and did not identify any material instances of noncompliance with the agreement's terms, conditions and applicable laws and regulations. The audit firm said that the program is not subject to mission order number 21 and executive order number 13224, as it falls outside the scope of the mandatory provisions underlying the mission order. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making one. Nevertheless, we suggest that USAID/West Bank and Gaza determine the allowability of the \$8,851 in total ineligible questioned costs and \$1,272 of ineligible cost sharing contribution 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 the issues noted. 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 Moona corrects the material weaknesses in internal control detailed on pages 17 and 18 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").