

West Bank / Gaza Accounting and Auditing Sector Program

Quarterly Report #4

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PCE-I-00-99-00008-00
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Submitted by:
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Submitted to:
USAID / West Bank & Gaza Mission

Progress from October 1 through December 31, 2002



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EXECUTIVE SUMMARY

During the past quarter, the original scope of work to provide technical assistance to strengthen the accounting and auditing profession in the West Bank and Gaza concluded. As the original project demobilized, USAID issued a new scope of work under the same Task Order. This new scope is for an assessment of the internal audit capabilities of the Palestinian Authority. Deloitte began preparations for the assessment, which is funded by an increase in the Task Order ceiling, extending the date of the Project activities until February 28, 2003.

1. REVIEW OF THIS QUARTER'S ACTIVITIES

1.1 Project Background

On 29 September, 1999 Deloitte Touche Tohmatsu Emerging Markets, Ltd. (Deloitte Emerging Markets) and the United States Agency for International Development (USAID), through its Regional Contracting Office (RCO), signed contract no. PCE-I-00-99-00008-00, task order no. 802 ("the Task Order") for the implementation of the West Bank and Gaza Accounting and Auditing Sector Program ("the Project").

The purpose of the Project is to provide technical assistance to support the implementation of International Accounting and Auditing Standards in the West Bank and Gaza.

The specific objectives of this Task Order are as follows:

- Support the development of self regulatory accounting and auditing organizations;
- Support the adoption and use of internationally accepted accounting and auditing standards in the Palestinian Territories;
- Develop university curriculum that reflect the new standards and support the implementation of the curriculum;
- Develop continuing education courses;
- Develop a system for administering a CPA exam or its equivalent; and
- Develop a code of ethics for both professions and methods of enforcement that re-enforce the self-regulatory nature of the professions.

The Project supports USAID/West Bank & Gaza's Strategic Objective 1 "Expanded Economic Opportunities" and directly supports Intermediate Result 1.4 "Improved Legal and Regulatory Environment for Private Sector Growth."

1.2 Overview

The original Task Order sets the date of project completion as October 31, 2002. After failing to receive approval for a no-cost extension, Deloitte was granted a 30-day extension, as permitted by Section F.10 (b) of the SEGIR FS Contract. The Project team used this 30-day extension to demobilize the project and fully dispose of project assets.

On November 28, 2002, the Project was extended for one month to conduct a preliminary assessment of the audit capabilities of the Palestinian Authority (PA). This preliminary assessment was seen as part of the preparation for an expanded scope of work on Audit Capacity Building for the Palestinian Ministry of Finance.

After negotiations in late December, Deloitte Emerging Markets agreed to conduct an assessment of the PA internal audit capabilities funded by an increase in the ceiling price of the Task Order, extending the length of the Project to February 31, 2003. The purpose of this assessment is to develop and agree a detailed scope of work with USAID for an Audit Capacity Building engagement.

The Chief of Party, Robert Viernum, left the project at the end of December 2002. By that time, the original project had fully demobilized, while a new team of consultants was being assembled to begin on the new scope of work.

1.3 Work Completed and Underway

Work Completed: During this quarter, the team achieved the following results:

- Provided a Program Closure Memorandum to the Cognizant Technical Officer responsible for the Accounting and Auditing Sector Program in West Bank and Gaza. This Closure Memorandum detailed the achievements of the Project to date, discussed lessons learned, and outlined proposed next steps for strengthening the accounting and auditing profession in West Bank and Gaza;
- Fully demobilized the Project, including disposing of project assets based on a disposition plan approved by USAID.

Work Underway: The following tasks or activities were in progress during this quarter:

- Beginning preliminary work on an assessment of the internal audit capabilities of the Palestinian Authority;
- Recruiting a new team of consultants to conduct the above referenced assessment.

2. WORK PLAN FOR NEXT QUARTER

2.1 Interim Objectives and Plans for Achieving Them

During this upcoming quarter, Deloitte Emerging Markets will mobilize a team of consultants to conduct an assessment of the internal audit capabilities of the Palestinian Authority. The consulting team will assess and identify the technical assistance needed by the Palestinian Ministry of Finance to support the public finance auditing reform function. In particular, the team will assess the technical assistance needed to provide training and technical oversight to IAD staff and audit staff located in the PA Ministries in both West Bank and Gaza.

The consulting team will develop a detailed scope of work (SOW) for Internal Audit Capacity Building. Prior to the conclusion of the field visit, the team will also develop and submit to the USAID Mission an assessment that will identify ways to facilitate achievement of objectives related to the Oversight and Conduct of Audits.

2.3 Expected Staffing Requirements

In order to accomplish these tasks, during the next quarter we plan to request USAID approval for a new consulting team comprising of:

- Mark Dunn, as the Deloitte Engagement Partner
- Richard Ronneberg, as Team Leader for the Assessment Team
- Harry Francis, Assessment Team member
- Gary Frost, Assessment Team member
- Ashton Emery, Assessment Team member
- Michel Meara, Assessment Team member

7. CONCLUSION

During the original scope of work of the Accounting and Auditing Sector Program, the Project achieved remarkable results under a uniquely challenging political and economic environment. Despite these challenges, the Project managed to accomplish the following results, among others:

Area	Results
Training Activities	<ul style="list-style-type: none">Over 35 man-years of training5000 persons trained8 books published
Educational Reform	<ul style="list-style-type: none">Introduced new courses at the universitiesAdapted 23 modern textbooks
Regulatory Reform	<ul style="list-style-type: none">Produced Palestinian adaptations of 1. IFAC International Standards on Auditing, 2. IFAC International Public Sector Accounting Standards, 3. IVSC International Valuation Standards, 4. IASC International Accounting Standards, 5. USG-GAO Standards for Governmental Auditing (the Yellow Book).Strengthened SROs

Deloitte Emerging Markets looks forward to implementing, in cooperation with USAID/ West Bank & Gaza Mission, the new scope of work to assess and identify the technical assistance needed by the Palestinian Ministry of Finance to support the public finance auditing reform function. We believe that with USAID's assistance, we can continue to achieve impressive results under difficult political circumstances.